

**STATE OF DELAWARE**

**Summary Status of Prior Year Findings  
June 30, 2005**

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-ADM-01
Related Prior Year Findings	03-ADM-01
CFDA No.	10.568, 10.569
Program Name	Emergency Food Assistance Program
Condition	We recommended in our prior year audit that DFMS screen prints or validity reports be maintained as supporting documentation for all federal drawdowns. This recommendation was not implemented during the year under audit, as per the Department's Summary Status of Prior Year Findings.
Recommendation	We continue to recommend that DFMS screen prints be maintained as supporting documentation for all federal drawdowns.
Agency Contact Name	Kevin Boyd Jeff Johnson Linda Durity
Agency Contact Phone Number	Boyd - 302 834-1452 Johnson - 302 739-1277 Durity - 302 739-6909
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Starting July 2004 DFMS screens are printed. Daily validity reports are maintained as supporting documentation for all federal drawdowns by Jeff Johnson and monitored by Linda Durity.
Anticipated Completion Date (if not Fully corrected).	N/A

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Fiscal Year	2004
Finding Number	04-ADM-02
Prior Year Related Findings	03-ADM-02
CFDA No.	10.568, 10.569
Program Name	Emergency Food Assistance Program
Condition	<p>The Department of Administrative Services has seven warehouse employees, for which a portion of their salary is allocated to the Emergency Food Assistance Program (TEFAP). The payroll cost for the 7 employees directly working on the TEFAP grant was recorded based on budgeted estimates of their time spent on the TEFAP grant. For the first three quarters, the Department did not perform effort reporting, as the timesheets completed by the warehouse employees do not include any certification of actual time spent on the TEFAP grant.</p> <p>In the prior year, we recommended that the warehouse employees begin maintaining timesheets or other acceptable methods of effort reporting to reflect actual time allocable to the program and other work. The effort reports should be signed by the employee and approved by the appropriate personnel on a periodic basis. During the fourth quarter, the warehouse employees began tracking some of their work time. It was determined that the method being used was not accurately tracking the total time each employee was working on the programs or job function being performed; therefore, management did not rely on the reporting for the preparation of fourth quarter reports.</p>
Recommendation	We recommend that the 7 warehouse employees begin keeping timesheets or other acceptable method of effort reporting to reflect actual time spent working and the allocation of time to various job functions and programs. The timesheets should be signed by the employee and approved by the appropriate personnel on a periodic basis.
Agency Contact Name	Kevin Boyd Dan Ramsey
Agency Contact Phone Number	302-834-4512
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	There are currently seven warehouse employees whose salaries are partially allocated to the Emergency Food Assistance Program. These seven employees are maintaining timesheets and calendars to reflect actual time spent working on TEFAP program. TEFAP duties are being "clustered" to make tracking of time more efficient. Time sheets are signed by employee and approved by program manager with final approval by division deputy director.
Anticipated Completion Date (if not Fully corrected).	N/A

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Fiscal Year	2004
Finding Number	04-ADM-03
Prior Year Related Findings	03-ADM-06
CFDA No.	10.568, 10.569 10.550
Program Name	Emergency Food Assistance Program Food Donation Program
Condition	In the prior year, we recommended that the Department implement supervisory review controls surrounding the preparation and submission of the required reporting to the USDA. The person who prepares the report should be separate from the person who reviews and approves the report. For the first three quarters of the fiscal year, the Department did not have the staffing to implement this policy. Beginning with the reports submitted for the period ended June 30, 2004, segregation of duties were implemented, and the reports were prepared by one person and reviewed for submission by a supervisor to the preparer.
Recommendation	We recommend that the Department continue supervisory review controls surrounding the preparation and submission of the required reporting to the USDA. The person who prepares the report should be separate from the person who reviews and approves the report.
Agency Contact Name	Linda Durity Kevin Boyd
Agency Contact Phone Number	Durity - 302 739-6909 Boyd - 302 834-4512
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Federal reports are currently completed by Manager Federal Food Commodity Program. All federal reports after completion by program manager are approved by Deputy Director Government Support Services.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-ADM-04
Prior Year Related Findings	03-ADM-07
CFDA No.	10.568, 10.569 10.550
Program Name	Emergency Food Assistance Program Food Donation Program
Condition	We recommended in our prior year audit that the Department segregate duties between eligibility determination and monitoring reviews of recipient agencies and implement supervisory review controls over the monitoring process. Corrective action was not implemented during the year under audit.
Recommendation	We continue to recommend that the Department implement supervisory review controls surrounding the eligibility determination and monitoring reviews of recipient agencies. The individual who determines the eligibility of the agency should be separated from the individual who performs the monitoring reviews.
Agency Contact Name	Kevin Boyd Laura Nost
Agency Contact Phone Number	302 834-4512
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Staff has been trained to perform monitoring reviews. Reviews are submitted to Manager Federal Food Commodities for approval and determination of eligibility.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-ADM-05
CFDA No.	10.568, 10.569 10.550
Program Name	Emergency Food Assistance Program Food Donation Program
Condition	There were no subrecipient reviews performed by the Department of Administrative Services during the 2004 fiscal year. For the fiscal year ended June 30, 2004, the Department was required to perform approximately 9 reviews.
Recommendation	We recommend that the Department implement controls surrounding the reviews of recipient agencies to ensure that the required number of reviews are performed each year.
Agency Contact Name	Kevin Boyd
Agency Contact Phone Number	302-834-4512
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Currently 39 facilities are actively participating in Delaware's USDA TEFAP Program. As of June 30, 2005 every facility has been reviewed. Program goal is to have every active facility annually reviewed.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-AGI-01
Prior Year Related Findings	02-AGI-01, 02-DHSS-01, 03-AGI-01
Related Current Year Findings	05-AGI-01
CFDA No.	93.044, 93.045, 93.053 93.667
Program Name	Aging Cluster Social Services Block Grant
Condition	Aging Cluster Of thirty (30) payroll expenditures selected for testwork, 27 were based on budgeted, rather than actual effort as supported by the time studies. SSBG Of thirty (30) payroll expenditures (\$33,930 in total) selected for testwork, six of the transactions were for employees in the DSAAPD (\$5,620 in total). Total salaries charged by DSAAPD to SSBG in total were \$30,925 and total fringe benefits charged were \$10,735.
Recommendation	We recommend that the Division develop procedures to allocate salaries based on time studies performed.
Agency Contact Name	Albert W. Griffith
Agency Contact Phone Number	302 255-9355
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The Division of Services for Aging and Adults with Physical Disabilities (DSAAPD) utilizes a federally approved cost allocation system for tracking the Client Services Unit employees. The system to accurately adjust funding corrections is still under development. Personnel that work on sole cost objectives complete semi-annual certifications.  Implementation for these corrections have not been implemented due to staff shortages and the streamlining initiatives undertaken by DHSS. Training has been provided on how to complete the time study forms. DSAAPD plans to modify the current cost allocation process to provide the information.
Anticipated Completion Date (if not Fully corrected.)	January 2006

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Fiscal Year	2004
Finding Number	04-AGI-02
CFDA No.	93.044, 93.045, 93.053
Program Name	Aging Cluster
Condition	<p>In our sample of 30 non-payroll transactions (total sample \$89,763), we noted 9 items for administrative costs (total \$1,609) that were allocated to the Aging Cluster on the basis of total funding available from various funding streams rather than actual usage of these services (including temporary services, security services, pager services, and office supplies) by the program.</p> <p>Total non-payroll costs other than contractual services for client service charged to the cluster for fiscal year 2004 were \$38,342.</p> <p>In our sample of 30 non-payroll transactions (total sample \$117,705), we noted 3 items for administrative costs (total \$701) that were allocated to the SSBG on the basis of total funding available from various funding streams rather than actual usage of these services.</p>
Recommendation	<p>We recommend that the Division develop procedures to allocate administrative costs on the basis of actual usage of goods or services by the program. We further recommend that the Division ensure that administrative items applied to the Aging Cluster as direct costs are not already included as part of the indirect cost rate billed quarterly by the Division of Management Services.</p>
Agency Contact Name	Albert W. Griffith
Agency Contact Phone Number	302 255-9355
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>DSAAPD utilizes a cost allocation plan to allocate building/shared costs such as, supplies, security and temporary services. The breakdown is developed utilizing time studies based on effort reporting. DSAAPD will develop procedures to allocate administrative costs in accordance with a formula based on actual usage of goods and services, by program. When expenses are directly related to a program, that program is charged. The indirect cost rate billed quarterly by the Division of Management Services does not include administrative items.</p>
Anticipated Completion Date (if not Fully corrected.)	January 2006



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Fiscal Year	2004
Finding Number	04-CJC-01
Prior Year Related Findings	03-JUS-05
CFDA No.	16.579 16.523
Program Name	Byrne Formula Grant Program Juvenile Accountability Incentive Block Grant Program
Condition	<p>Most of the agency's subawardees are other State agencies, which are not subject to separate OMB Circular A-133 audit. It is CJC's policy to perform quarterly site visits to all subawardees, including other State agencies. These site visits are primarily focused on whether grant objectives are being met (programmatic concerns), and not fiscal compliance (e.g., allowability of costs).</p> <p>In addition to site visits, the CJC also requires quarterly fiscal and programmatic reports from its subawardees.</p> <p>We noted findings in State agencies to which funds had been subawarded from CJC related to:</p> <ul style="list-style-type: none"> <li>▪ Effort reporting</li> <li>▪ Suspension and debarment</li> <li>▪ Segregation of duties related to allowable costs</li> <li>▪ Segregation of duties related to reporting</li> <li>▪ Equipment management</li> </ul> <p>These findings are indicative of ineffective monitoring controls at the CJC level.</p> <p>We also noted one instance (Family Court), in which all required quarterly reports had not been submitted to CJC and unexpended grant funds and income earned from cash advances on JAIBG funds were not appropriately addressed by the CJC, despite requests from Family Court personnel to do so.</p> <p>Although the CJC has routinely performed programmatic (performance) monitoring, it was unable to provide supporting documentation that monitoring procedures fulfilling its responsibility as a pass-through entity specifically related to providing reasonable assurance that subrecipients administer Federal awards in compliance with laws, regulations, and the provisions of contracts or grants agreements were performed for the five State subawarded agencies selected for testwork.</p> <p>Additionally, the CJC did not obtain and review OMB Circular A-133 reports for its non-State subgrantees.</p>

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Recommendation	<p>We recommend that monitoring of subrecipients, whether State agencies or external agencies, include the following:</p> <ul style="list-style-type: none"> <li>▪ Periodic monitoring of fiscal requirements (including but not limited to allowability of costs, cash management, matching, period of availability, reporting, and procurement and suspension and debarment}</li> <li>▪ Obtaining, reviewing, and responding to OMB Circular A-133 reports if applicable.</li> </ul> <p>We further recommend that the CJC develop, through discussion with the Budget Office and Division of Accounting, ways to use the State accounting system to monitor expenditures of subawarded State agencies, rather than relying on manually prepared financial reports from those agencies.</p>
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>The Director of Grants Management has issued a directive to all grant monitors that each sub grant will be monitored three times per year for fiscal requirements including but not limited to allowability of costs, cash management, matching, period of availability, reporting, and procurement and suspension and debarment.</p> <p>The Director of Grants Management obtains, reviews and responds to OMB Circular A-133 reports when applicable.</p> <p>In response to your audit recommendation, as of 10/31/04, the Criminal Justice Council receives reports from the Budget Office, which shows the expenditures of other State agencies.</p>
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-CJC-02
CFDA No.	16.523
Program Name	Juvenile Accountability Incentive Block Grant Program
Condition	The Youth Rehabilitative Services division of the Department of Services for Children, Youth and their Families, which receives JAIBG funding from the Criminal Justice Council, had three employees allocating all or a portion of their salaries to the JAIBG program. The payroll costs for these employees were either allocated 100% or were based on budgeted amounts. The Department had no effort reporting to support payroll costs charged.
Recommendation	We recommend that the three employees for whom salaries are allocated to the JAIBG program begin maintaining time and effort reports in accordance with Criteria cited above.
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	All DYRS employees have adopted the Time and Effort reporting form and are in compliance.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-CJC-03
Prior Year Related Findings	03-JUS-01
CFDA No.	16.579
Program Name	Byrne Formula Grant
Condition	<ul style="list-style-type: none"> <li>▪ The Criminal Justice Council had two employees allocating 100% of their salaries and five employees allocating a portion of their salaries to the Byrne Formula Grant program. The payroll costs for these employees were either allocated 100% or based on budgeted amounts. No effort reporting was performed.</li> <li>▪ The Legal Public Defender department had seven employees allocating all or a portion of their salaries to the Byrne Formula Grant program. The payroll costs for these employees was either allocated 100% or were based on budgeted amounts. No effort reporting was performed.</li> <li>▪ The Superior Court had 14 employees allocating all or a portion of their salaries to the Byrne Formula Grant program. The payroll costs for these employees were either allocated 100% or based on budgeted amounts. No effort reporting was performed.</li> </ul>
Recommendation	We recommend that all employees allocating time to the Byrne Formula Grant begin maintaining effort reporting to reflect actual effort devoted to the program in accordance with the Criteria cited.
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	<p>All Criminal Justice Council and Public Defender employees have adopted the Time and Effort form and are in compliance.</p> <p>The Superior Court employees have adopted the Time and Effort form and will be going back to certify each employees Time and Effort. This process should be completed by the time of the next audit review.</p>
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Fiscal Year	2004
Finding Number	04-CJC-04
CFDA No.	16.523
Program Name	Juvenile Accountability Incentive Block Grant
Condition	The Administrative Office of the Courts did not complete suspension and debarment documentation and verification for two out of two contracts selected for testing.
Recommendation	We recommend the Administrative Office of the Courts include in their RFP's a request for the respondent to certify that they are not on the suspended or debarred listing. For RFP's where there is intention to be 100% State funded, and later there are Federal funds used, the Administrative Office of the Courts should obtain the required documentation.
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A standard Special Condition has been implemented for all sub grant awards, where applicable, that any awarding agency will certify that all contractors are not currently suspended or debarred.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-CJC-05
Prior Year Related Findings	03-JUS-04
CFDA No.	16.579
Program Name	Byrne Formula Grant Program
Condition	<p>Criminal Justice Council: We recommended in the prior year that the Department implement supervisory review and segregation of duties controls for the preparation and submission of the SF-269. This recommendation was not implemented by the CJC in the current year.</p> <p>Legal Public Defender: For the Byrne program, there is a lack of segregation of duties surrounding the approval of non-payroll expenditures. One of the required signatures is stamped on the documents indicating approval; however, the individual does not review the document. Additionally, there is a lack of segregation of duties concerning processing of payroll transactions. One individual is responsible for entering sick, vacation and regular time into the State's payroll system without oversight or review. Eight of the 30 nonpayroll transactions selected for allowable cost testwork and 36 of the 92 payroll transactions selected for allowable cost testwork were subject to these internal controls. (See related finding concerning lack of effort reporting).</p> <p>Family Court: For the Byrne program, the Family Court office submitted only two of the required four quarterly reports to CJC, and they were prepared and submitted without supervisory review.</p>
Recommendation	<p>We continue to recommend that the CJC implement supervisory review and segregation of duties controls for the preparation of the SF-269 reports.</p> <p>We further recommend that:</p> <ul style="list-style-type: none"> <li>▪ The Legal Public Defender develop policies and procedures to segregate duties related to both payroll and non-payroll expenditures to reasonably ensure detection of unallowable costs.</li> <li>▪ The Family Court develop policies and procedures to ensure reports submitted to CJC are reviewed by an individual other than the preparer before submission.</li> </ul>
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	The Criminal Justice Council does not have the authority to instruct the Office of the Public Defender or Family Court to hire additional supervisors. However, we have recommended a system of internal

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	<p>review for the submission of reports. These conversations continue and we are satisfied that the reports are reviewed by each agency's administration.</p> <p>Since quarter ending September 30, 2004, the Criminal Justice Council has maintained a segregation of duties in the preparation, review, and submission of the SF269 reports.</p>
Anticipated Completion Date (if not Fully corrected.)	Ongoing.

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Fiscal Year	2004
Finding Number	04-CJC-06
CFDA No.	16.523
Program Name	Juvenile Accountability Incentive Block Grant
Condition	<p>Criminal Justice Council: For the JAIBG program, one employee in the CJC prepared and submitted quarterly SF-269 reports to the US Department of Justice without supervisory review.</p> <p>Legal Public Defender: For the JAIBG program, one employee in the Legal Public Defender's office prepared and submitted quarterly reports to CJC without supervisory review.</p> <p>Superior Court: For the JAIBG program, one employee in the Superior Court office prepared and submitted the quarterly reports to CJC without supervisory review.</p>
Recommendation	<p>We recommend that the Legal Public Defender and Superior Court develop policies and procedures to ensure that the preparation and review of CJC financial reports are segregated to ensure completeness and accuracy.</p> <p>We further recommend that the Criminal Justice Council develop policies and procedures to ensure that the preparation and review of CJC financial reports are segregated to ensure completeness and accuracy.</p>
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>The Criminal Justice Council does not have the authority to instruct the Office of the Public Defender or Superior Court to hire additional supervisors. However, we have recommended a system of internal review for the submission of reports. These conversations continue and we are satisfied that the reports are reviewed by each agency's administration.</p> <p>Since quarter ending September 30, 2004, the Criminal Justice Council has maintained a segregation of duties in the preparation, review, and submission of the SF269 reports.</p>
Anticipated Completion Date (if not Fully corrected.)	Ongoing.



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Fiscal Year	2004
Finding Number	04-CJC-07
Prior Year Finding Number	03-JUS-03
CFDA No.	16.579
Program Name	Byrne Formula Grant
Condition	<p>The Criminal Justice Council (CJC), passes through Byrne Program funds to other State Agencies as well as subrecipients outside the State entity. The CJC is responsible for drawing funds from the federal awarding agency. The other State agencies and subrecipients invoice the CJC for reimbursement of expenses under the program on a periodic basis.</p> <p>In the prior year, we recommended that the CJC ensure that subrecipients and other State agencies request funds only related to their actual, immediate cash requirements. We also recommended that the standard draw request form be modified to include language consistent with drawing down funds in this manner, and that any instances in which the CJC determined that a subrecipient requires advance funding be adequately supported with documentation of the rationale for and approval of the cash advance, as well as the CJC's plan to ensure that the other entity minimize the time between the transfer of federal funds and the payout of funds for program purposes.</p> <p>We noted that cash advances were still occurring throughout the year.</p>
Recommendation	<p>We recommend that the CJC ensure that subrecipients request funds on a reimbursement basis. We also recommend that the standard draw request form be modified to include language consistent with the reimbursement basis. Any instances in which the Department has determined that a subrecipient requires an advance of funds should be adequately supported with documentation of the rationale for and approval of the cash advance, as well as the Department's plan to ensure that the subrecipient minimizes the time between the transfer of federal funds and the payout of funds for program purposes.</p>
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>Some requests for funds were advanced due to the financial circumstances of a few organizations. In an effort to control this event, a Cash Reimbursement policy and procedure document along with a Cash Reimbursement Waiver form, has been in effect as of June 2005. This procedure satisfied our audit finding with the US Department of Justice.</p>
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-CJC-08
CFDA No.	16.579
Program Name	Byrne Formula Grant
Condition	<p>We recommended in our prior year audit that DFMS screen prints or validity reports be maintained as supporting documentation for all federal drawdowns. This recommendation was not implemented during the year under audit.</p> <p>Information used to draw cash cannot be traced back to the State's accounting system (DFMS) because DFMS does not have the ability to be queried as of a prior point in time. Additionally, validity reports that detail account balances in the DFMS system on a weekly basis are not maintained by the Criminal Justice Council (CJC) and the State only maintains such reports electronically for a limited period of time.</p>
Recommendation	We continue to recommend that DFMS screen prints or validity reports be maintained as supporting documentation for all federal drawdown.
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	Effective December 2004, the Criminal Justice Council has maintained either validity reports or screen prints as supporting documentation for all federal draw downs of funds.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-CJC-09
Prior Year Related Findings	03-JUS-06
CFDA No.	16.579 16.523
Program Name	Byrne Formula Grant Juvenile Accountability Incentive Block Grant
Condition	<p>The CJC was unable to provide supporting documentation for the amount reported as matching on its SF-269 reports, other than information from its Grants Management System (GMS), which is used to record grant awards and expenditures made by CJC subrecipients. We were unable to trace amounts in GMS to underlying supporting documentation.</p> <p>Additionally, the cash disbursements reported on the quarterly SF-269 reports were not reconcilable to the expenditures reported on the SEFA because the State's accounting system (DFMS) is not reconciled to GMS. The variance between the SEFA and the quarterly SF-269 reports is \$1,088,100 for the Byrne program and \$1,097,886 for the JAIBG program.</p> <p>We recommended in the prior year that CJC perform a periodic reconciliation of expenditures between the DFMS and GMS systems, in order to identify the timing differences between the disbursements to subrecipients (reflected in DFMS) and the amounts expended by subrecipients (reflected in GMS). The CJC has not yet implemented this recommendation.</p>
Recommendation	<p>We continue to recommend that the CJC perform a periodic reconciliation of expenditures between the State's accounting (DFMS) and GMS systems.</p> <p>We further recommend that supporting documentation for matching amounts reported be retained as such amounts may not be readily identifiable in the DFMS system. Additionally, in conjunction with finding 04-CJC-01, subrecipient monitoring procedures should include procedures to verify that matching amounts reported by subgrantees are appropriate and from an allowable source.</p> <p>We further recommend that the CJC develop, in conjunction with the Budget Office and Division of Accounting, ways to use the State accounting system to monitor expenditures of subawarded State agencies, rather than relying on manually prepared financial reports from those agencies.</p>

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Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input checked="" type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	<p>Our current Grants Management System has crashed. Presently the Criminal Justice Council is in the stage of obtaining a new Grants Management system. The current program is a stand-alone system, which requires human input for the recording of expenditures. The new system will also be a stand-alone system. Once we have obtained a new system, we anticipate making an earnest effort to reconcile expenditures between Grants Management and DFMS.</p> <p>Our department has been receiving monthly reports from the Budget Office showing State agency expenditures. These reports have been used in the preparation of the SF269 reports, since quarter ending September 30, 2004.</p>
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-CJC-10
CFDA No.	16.579
Program Name	Byrne Formula Grant
Condition	The Electronic Evidence Display system (total \$128,012), purchased by the Superior Court, was not appropriately recorded in the Fixed Asset Accounting System (FAAS) in accordance with the State of Delaware Fixed Asset Accounting Policy.
Recommendation	We recommend that the Electronic Evidence Display system be appropriately recorded in FAAS. We further recommend that the agency develop policies and procedures regarding fixed asset accounting and tracking in accordance with the State of Delaware Fixed Asset Accounting Policy and that compliance with such procedures be monitored by the Criminal Justice Council as the primary grantee.
Agency Contact Name	James Kane, Executive Director
Agency Contact Phone Number	302-577-5030
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A standard special condition has been adopted that all equipment purchases, when applicable, will be listed on the Fixed Asset Accounting System and monitored by the Criminal Justice Council if the Asset cost is \$25,000 or greater. Assets costing \$25,000 or greater are listed in the State of Delaware's Fixed Asset Subsystem. (Memorandum #05-11A, April 6, 2005.)
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-CSE-06
CFDA No.	93.563
Program Name	Child Support Enforcement
Condition	<p>OMB circular A-87 attachment B, section 11.h(3) states that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.</p> <p>From a sample of 60 employees, 4 employees did not complete the required semi-annual certification. This was caused by the individual responsible for collecting the certifications working from an incomplete employee listing which did not include any employees who left the Division prior to the end of the six month period.</p>
Recommendation	We recommend that a complete listing of all employees who work for the Division during the period be included on the employee list, including employees who have left the division during the six month period. We further recommend that all supervisory officials be informed of their responsibility to include all employees in the semi-annual certification process.
Agency Contact Name	Carnell Lofton
Agency Contact Phone Number	302 326-6024 x229
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	Managers are given complete listings of employees employed during the subject time period when completing the salary certifications.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-CSE-01
Prior Year Related Findings	02-CSE-01, 03-CSE-01, 03-CSE-02
Current Year Related Findings	05-CSE-01
CFDA No.	93.563
Program Name	Child Support Enforcement
Condition	<p>In the prior year, we recommended that the Division establish appropriate steps to review work lists generated by the Delaware Automated Child Support Enforcement System (DACSES) to determine cases requiring action, providing for adequate lead time for employees to complete actions necessary to comply with time requirements. We further recommended that the Division replace its outdated DACSES system with a computer system that could better facilitate establishment of paternity and child support obligations.</p> <p>The Division continues to work toward implementation of these recommendations. However, per the Division's Summary Status of Prior Year Findings, recommendations were only partially implemented as of June 30, 2004.</p> <p>We validated the continued existence of this finding by testing a sample of IV-D cases opened within the fiscal year under audit until an exception was found. In our first two cases sampled, one of the cases included the following exceptions:</p> <ul style="list-style-type: none"> <li>▪ Location attempts were not made within the required 75-day time period from the date the DCSE worker determined that location was necessary.</li> <li>▪ Paternity was not established for the case</li> <li>▪ No service of process was completed</li> <li>▪ Employees did not use all locate resources available to locate the non-custodial parent within the required time periods.</li> </ul> <p>In the first twelve cases we sampled, we found one case in which location attempts were not made with diligent efforts (on a quarterly basis.)</p> <p>No further test work was considered necessary based on the Division's agreement that the finding from the prior year was still valid.</p>
Recommendation	<p>We recommend that the Division continue with its corrective action plan including the following initiatives:</p> <ul style="list-style-type: none"> <li>▪ Work list management initiative</li> <li>▪ Training initiative</li> <li>▪ Redistribution of caseloads</li> <li>▪ New DACSES system</li> </ul>



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Agency Contact Name	Linda Murphy, Social Service Senior Administrator
Agency Contact Phone Number	302 326-6024 x206
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	<p><b>Worklist Management Initiative</b></p> <p>Phase I: Eliminate the creation of duplicate worklist items. COMPLETED 9/5/2004</p> <p>Phase II: Consolidation of the creation of the worklist items, including a new hierarchy of the worklist items. COMPLETED 4/17/2005</p> <p>Phase III: Adjusts the processing and timing of interstate related cases. Removes the isolated absent parent locate function (APLS) and gives the function to all caseworkers. IN DEVELOPMENT: Projected 1/1/2006</p> <p>Phase IV: All processes and worklists should allow cases to be worked until eventual completion without allowing for the indefinite suspension of any case without some form of notification or processing by an automated function. The second goal of this phase requires an analysis of the priority schemes applied to worklist items. PENDING Phase III implementation.</p> <p>Phase V: Evaluation</p> <p><b>Caseload Distribution</b></p> <p>DCSE intends to redistribute caseloads so that staff are responsible for specific tasks on multiple types of cases. To do this, Child Support Specialists (CSS) will be placed into two primary functional categories: Establishment Workers and Enforcement Workers. Establishment Workers will be responsible for a case from the time of application/intake until the time a support order is established. Among their primary duties (in addition to establishing an order) will be parent locate activities and paternity establishment. Enforcement Workers will be responsible for a case from the time the order is recorded until the case is closed, taking all required enforcement and modification action necessary to properly work the case.</p> <p>By design there will be two exceptions to the Caseload Redistribution initiative. In Foster Care cases and cases in which the Non-Custodial Parent resides out of state (known as APO cases), dedicated workers will handle these types of cases from intake to case closure. A statewide Foster Care Unit will be established in New Castle County,</p>

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	<p>while dedicated APO workers will be deployed in each county. It is anticipated that the Redistribution will take place by September 2006.</p> <p><b>Training for Supervisors</b></p> <p>As reported previously, a step that was taken to improve worklist and case management oversight was formal training for all administrators and supervisors in DCSE's Operations Unit on the topic "Case Management for Supervisors." This three-hour training conducted in February 2004 provided all supervisors with detailed information regarding the automated and manual tools that are available to assist in overseeing a worker's caseload and worklist.</p> <p><b>New DACSES</b></p> <p>Below are summary of plans for implementation of a child support information system to replace DACSES</p> <ol style="list-style-type: none"> <li>1. The DASCES database conversion project is on schedule. Phase 3 of 5 was completed in July.</li> <li>2. The RFP for the Feasibility Alternatives and Cost /Benefit Analysis necessary to begin the process to replace DACSES is scheduled to be ready for release in September, 2005</li> <li>3. It should take between 9 and 12 months to complete the feasibility study. One of the deliverables for the study will be a draft RFP for development and implementation of the replacement system.</li> <li>4. Work on the replacement system should begin during the first quarter of SFY 2008.</li> </ol>
Anticipated Completion Date (if not Fully corrected.)	See above for anticipated completion dates.

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Fiscal Year	2004
Finding Number	04-CSE-02
Prior Year Related Findings	02-CSE-02, 03-CSE-03
Current Year Related Findings	05-CSE-02
CFDA No.	93.563
Program Name	Child Support Enforcement
Condition	<p>In the prior year, we recommended that the Division enhance the DACSES computer system to include documentation regarding:</p> <ul style="list-style-type: none"> <li>▪ Documentation of health insurance coverage obtained by the custodial parent</li> <li>▪ Confirmation of health insurance available (or unavailable) at a reasonable cost by the non-custodial parent</li> <li>▪ Additional enforcement action taken to obtain available reasonable-cost health insurance</li> </ul> <p>We further recommended that the Division replace its outdated DACSES system with a computer system that could better facilitate the establishment of medical support obligations.</p> <p>Although the Division is in the process of implementing its corrective action plan, for the year ended June 30, 2004, we were unable to test compliance with this requirement since appropriate documentation of establishment of medical support obligations was not maintained.</p>
Recommendation	<p>We recommend that the Division continue to implement its corrective action plan which includes:</p> <ul style="list-style-type: none"> <li>▪ Division of Child Support Enforcement/Division of Social Services interface</li> <li>▪ New post-court DACSES screen</li> <li>▪ National medical support notice</li> <li>▪ New DACSES system</li> </ul>
Agency Contact Name	Linda Murphy, Social Service Senior Administrator
Agency Contact Phone Number	302-326-6024 x206
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p><b>DSS Interface</b></p> <p>Work is nearing completion on systems enhancements that will assure that pertinent information regarding the custodial parent's and non-custodial parent's health insurance coverage is transmitted by DCSE to the Division of Social Services (DSS). The electronic transmission will be effected via an extract file and batch process. This interface is now scheduled to become operational by Oct. 2005.</p>

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	<p><b>Post-Court Screen</b> In order to facilitate the entry of important post-court information into DACSES, a DCSE workgroup developed recommendations for a new DACSES screen that will serve as a single point of entry for such information. Among the information to be entered via the post-court screen will be data regarding all relevant health insurance coverage. Due to work that is presently being done with the DACSES database conversion, implementation is now targeted for mid-2006.</p> <p><b>NMSN</b> DCSE implemented National Medical Support Notice (NMSN) requirements for healthcare coverage on July 15, 2004. These regulations require that all IV-D agencies uniformly secure and enforce medical support whenever healthcare coverage is available at a reasonable cost. DCSE now sends the new standard notice to the employer of the non-custodial parent, and the employer completes a form indicating whether the non-custodial parent is still employed, and whether or not medical coverage is available for the child(ren) at a reasonable cost.</p> <p><b>New DACSES</b> Below are summary of plans for implementation of a child support information system to replace DACSES</p> <ol style="list-style-type: none"> <li>1. The DASCES database conversion project is on schedule. Phase 3 of 5 was completed in July.</li> <li>2. The RFP for the Feasibility Alternatives and Cost /Benefit Analysis necessary to begin the process to replace DACSES is scheduled to be ready for release in September, 2005</li> <li>3. It should take between 9 and 12 months to complete the feasibility study. One of the deliverables for the study will be a draft RFP for development and implementation of the replacement system.</li> <li>4. Work on the replacement system should begin during the first quarter of SFY 2008</li> </ol>
Anticipated Completion Date (if not Fully corrected.)	See above for anticipated completion dates.

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Fiscal Year	2004
Finding Number	04-CSE-03
Prior Year Related Findings	02-CSE-03, 03-CSE-04, 03-CSE-05
Current Year Related Findings	05-CSE-05
CFDA No.	93.563
Program Name	Child Support Enforcement
Condition	<p>In the prior year, we recommended that the Division develop control procedures to ensure that it responds to interstate requests for information within the 5-day time period, such as a manual or automated log of such cases.</p> <p>Although the Division is working to implement its corrective action plan, we could not test compliance with this requirement because for the year ended June 30, 2004, corrective action had not yet been implemented and there was no audit trail to determine when the request for information was initially received and when the 5-day time limit begins.</p>
Recommendation	We recommend that the Division continue to implement its corrective action plan, which includes a central registry post office box and central registry unit.
Agency Contact Name	Linda Murphy, Social Service Senior Administrator
Agency Contact Phone Number	302 326-6024 x206
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p><b>CSENet</b> As described in the original Corrective Action Plan, DACSES has been programmed to electronically acknowledge (and track) automated inquiries from other state IV-D agencies that are received via CSENet. Manual intervention is unnecessary for such CSENet-type transactions. The DACSES/CSENet upgrades were effective as planned by March 31, 2004.</p> <p><b>Central Registry</b> To best facilitate the timely processing of incoming written inquiries from other state IV-D agencies, DCSE arranged for a dedicated Central Registry post office box in New Castle County (NCC) for all such correspondence statewide. This mailbox became active in March 2005. DCSE updated OCSE's Interstate Referral Guide (IRG) and provided notification to all other state IV-D agencies upon activating this post office box.</p> <p>Also effective March 2005, upon receipt of incoming inquiries from other state IV-D agencies to the Central Registry Unit, each inquiry is date-stamped and dedicated Central Registry staff send a system-generated acknowledgement to the other state IV-D agency via the DACSES interstate processing menu. This acknowledgement in turn</p>

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	generates a case event in DACSES, thus allowing for relevant timeframes to be tracked in accord with federal regulations. Central Registry staff next forward all relevant documentation to the assigned caseworker for follow-up. Staff also utilize electronic logs to record and track the processing of relevant correspondence.
Anticipated Completion Date (if not Fully corrected.)	Analysis of the volume of interstate case-related mail correspondence (along with the number of similar automated transmittals generated via CSENet) will continue in an effort to assess and adjust staffing in the Central Registry Unit as needed.

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Fiscal Year	2004
Finding Number	04-CSE-04
Related Prior Year Findings	03-CSE-04, 03-CSE-05
Related Current Year Findings	05-CSE-05
CFDA No.	93.563
Program Name	Child Support Enforcement
Condition	<p>In the prior year, we recommended that the Division develop control procedures to ensure that new information is reported to interstate agencies within 10 working days from receipt in accordance with federal regulations, including establishing a centralized logging procedure.</p> <p>Although the Division is working to implement its corrective action plan, such action was not completed within the year ended June 30, 2004 as per the Division's Summary Status of Prior Year Findings. In order to validate the status of this finding, we selected a sample of cases and tested until exceptions were noted. We noted the following exceptions:</p> <ul style="list-style-type: none"> <li>▪ The first case tested was not logged into the manual log book</li> <li>▪ One of the first three cases tested was not forwarded to appropriate personnel within the 10-day timeframe.</li> </ul> <p>No further test work was considered necessary based on agreement by the Division that the finding from the prior year was still valid.</p>
Recommendation	We recommend that the Division continue to implement its corrective action plan, which includes a central registry post office box and central registry unit.
Agency Contact Name	Linda Murphy, Social Service Senior Administrator
Agency Contact Phone Number	302 326-6024 x206
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p><b>CSENet</b> As described in the original Corrective Action Plan, DACSES has been programmed to electronically acknowledge (and track) automated inquiries from other state IV-D agencies that are received via CSENet. Manual intervention is unnecessary for such CSENet-type transactions. The DACSES/CSENet upgrades were effective as planned by March 31, 2004.</p> <p><b>Central Registry</b> To best facilitate the timely processing of incoming written inquiries from other state IV-D agencies, DCSE arranged for a dedicated Central Registry post office box in New Castle County (NCC) for all</p>

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	<p>such correspondence statewide. This mailbox became active in March 2005. DCSE updated OCSE's Interstate Referral Guide (IRG) and provided notification to all other state IV-D agencies upon activating this post office box.</p> <p>Also effective March 2005, upon receipt of incoming inquiries from other state IV-D agencies to the Central Registry Unit, each inquiry is date-stamped and dedicated Central Registry staff send a system-generated acknowledgement to the other state IV-D agency via the DACSES interstate processing menu. This acknowledgement in turn generates a case event in DACSES, thus allowing for relevant timeframes to be tracked in accord with federal regulations. Central Registry staff next forward all relevant documentation to the assigned caseworker for follow-up. Staff also utilize electronic logs to record and track the processing of relevant correspondence.</p>
Anticipated Completion Date (if not Fully corrected.)	Analysis of the volume of interstate case-related mail correspondence (along with the number of similar automated transmittals generated via CSENet) will continue in an effort to assess and adjust staffing in the Central Registry Unit as needed.



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Fiscal Year	2004
Finding Number	04-CSE-05
CFDA No.	93.563
Program Name	Child Support Enforcement
Condition	From a sample of 30 salary charges, 1 employee did not complete the required semi-annual certification because the person in the Division responsible for collecting all of the certifications did not include himself in the Semi-Annual Salary Certification Report.
Recommendation	We recommend that the employee include himself in the certification.
Agency Contact Name	Art Caldwell
Agency Contact Phone Number	302 326-6024 x231
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The employee in question was the IV-D Director, Charles Hayward, whose presence in the program can be verified by many sources. The clerical oversight has been corrected.
Anticipated Completion Date (if not Fully corrected.)	

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Fiscal Year	2003
Finding Number	03-CYF-05
CFDA No.	93.659
Program Name	Adoption Assistance
Condition	<p>The Department prepares monthly payment vouchers payable to the State Treasurer used to transfer funds from the general account used to directly pay the recipients under the Adoption Assistance program. These payments are supported by listings of recipients taken from the FACTS/CPA system. We noted that although differences were immaterial, eleven of the twelve monthly invoices did not agree to supporting documentation from the FACTS/CPA system. The cause of the differences between the payment vouchers and the supporting documentation is last-minute adjustments to the payment run which are made to avoid over and under-payments. Documentation of the last-minute adjustments is not prepared and kept with the payment voucher support and there is no contemporaneous reconciliation done. In addition, the FACTS/CPA system amount cannot be changed, after the fact, to reflect the payment changes, although text notations of the changes are made in the FACTS system. This results in a poor audit trail to support payment amounts.</p> <p>Reconciliation is also complicated by the fact that some corrections for reductions in payments, recorded on the supporting listing from the FACTS/CPA system, appear as positive rather than negative numbers.</p> <p>This condition also arises from the implementation of the FACTS/CPA system, which was installed less than two years ago. We believe that the FACTS/CPA system is a significant improvement over the previous payments system; however, we also recognize that it is still a new system and that certain improvements are still being made to it.</p>
Recommendation	<p>We recommend that contemporaneous reconciliations be done each month to support changes to the payment totals. Documents supporting the individual changes should be kept with the reconciliation. Alternatively, last-minute adjustments could be cut off earlier so that differences are not created between the payment vouchers and the supporting lists from the FACTS/CPA system. These adjustments can then be made with individual checks issued after the main payment run.</p>
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	<p>Fully Corrected.<input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected.<input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan.<input type="checkbox"/></p> <p>No longer warranting further action.<input checked="" type="checkbox"/></p>

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Description of Status	Corrected in January 2004.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-CYF-07
CFDA No.	93.659
Program Name	Adoption Assistance
Condition	<p>A listing of potential duplicate payments generated using computer-assisted audit techniques disclosed 28 potential duplicate payments. A detailed examination of a sample of five of these revealed that two were, in fact, duplicates.</p> <ul style="list-style-type: none"> <li>▪ In one instance, a client had two adoption pay notes open and active at the same time, producing duplicate payments for June and July 2002.</li> <li>▪ In one instance, a client had two open adoption pay notes producing duplicate payments for June, July and August 2002.</li> </ul> <p>In both cases, the adoption unit discovered the duplicate pay notes within a few months and closed them out.</p> <p>It appears that the two clients may be children with both pre and post-adoptive names in the system. This condition also arises from the implementation of the FACTS/CPA system, which was installed less than two years ago. We believe that the FACT/CPA system is a significant improvement over the previous payments system; however, we recognize that it is still as new system and that certain improvements are being made to it. Prior to the FACTS/CPA system, manual procedures were in use to detect such errors.</p>
Recommendation	<p>We recommend that the entire listing of potential duplicate payments generated be examined. A retroactive adjustment should be made to reimburse the program for any overpayments identified.</p> <p>We further recommend that Adoption staff should continue their regular review of Foster Care and Adoption payment information prior to the creation of new pay notes, and that proposed automated correction for the program scheduled for implementation in May 2004 be adopted.</p>
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	Retroactive adjustments were made for overpayments. Further recommendation implemented.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-CYF-08
CFDA No.	93.659
Program Name	Adoption Assistance
Condition	Adoption assistance subsidy payments are to be made in accordance with Title IV-E of the Social Security Act. Recipients cannot receive Adoption Assistance payments beyond the age of 18, except in special circumstances. A listing of clients over age 18 receiving Adoption Assistance payments was generated using computer-assisted audit techniques. The listing included 196 payments to 34 individuals. A detailed examination of a sample of five of these items revealed that all five continued to be paid after age 18 or after the case was closed, with no apparent justification. It appears that the FACTS system does not automatically notify the Adoption Unit when a client reaches age 18 and no regular manual review of clients approaching age 18 is performed. Although the FACTS/CPA system is a significant improvement over the previous payments system, it does not include this alert function.
Recommendation	<p>We recommend that the entire listing of 196 payments to 34 individuals generated be examined. A retroactive adjustment should be made to reimburse the program for overpayments.</p> <p>We further recommend that a programming change be made for a system-generated notice to the caseworker from FACTS to notify them of the approach of clients' 18<sup>th</sup> birthdays. Alternatively, a query extracting the 18<sup>th</sup> birthdays from the system could be run on at least an annual basis.</p>
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Retroactive adjustments were made for overpayments. Further recommendation implemented.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-CYF-10
CFDA No.	93.659
Program Name	Adoption Assistance
Condition	<p>A listing of clients potentially receiving both Foster Care and Adoption Payments simultaneously was generated using computer-assisted audit techniques which disclosed 24 potentially duplicate payments. A detailed examination of a sample of five of these revealed that all five were, in fact, duplicates.</p> <p>This condition arises from manual procedures predating the implementation of the FACTS/CPA system, which was installed less than two years ago. We believe that the FACTS/CPA system is a significant improvement over the previous payment system; however, we recognize that it is still a new system and that certain improvements are still being made to it. The FACTS/CPA system was originally installed without all of its current enhancements. Enhancements continue to be made.</p> <p>In January 2003 the Department implemented an Adoption Assistance/Subsidy Agreement FACTS modification designed to prevent Adoption pay notes from being approved and activated in FACTS prior to the closure of client foster care cases. This Adoption FACTS modification prevents CPA from generating simultaneous foster care and adoption assistance payments. Prior to the implementation of this FACTS modification, client payments staff regularly reviewed the greater than 1900 lines of code produced by the monthly board generator looking for potential simultaneous Foster Care and Adoption Assistance payments. When found, duplicate payments of this type were manually excluded from the payment run.</p> <p>The payment errors noted occurred prior to the implementation of the January 2003 FACTS modification.</p>
Recommendation	We recommend that the entire listing of 24 potential duplicate payments generated in our testwork be examined. A retroactive adjustment should be made to reimburse the programs for overpayments.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input checked="" type="checkbox"/></p>
Description of Status	Retroactive adjustments were made for overpayments.

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Anticipated Completion Date (if not Fully corrected.)	N/A
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Fiscal Year	2004
Finding Number	04-CYF-01
Related Current Year Finding	05-CYF-01
CFDA No.	93.568 93.569
Program Name	Foster Care—Title IV-E Adoption Assistance
Condition	<p>The federal Health and Human Services Inspector General's office is currently engaged in an audit of the Department's allocation of administrative and training costs to the Title IV-E program for which a final report has not been issued. As a result of the uncertainty surrounding potential disallowances of administrative and training costs related to Foster Care and Adoption Assistance, we will not opine on compliance for these programs.</p> <p>However, we did note findings related to these programs that are reported as findings 04-CYF-02 through 04-CYF-07.</p>
Recommendation	Due to the nature of the finding, no recommendation is made.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	A final report was issued by the DHHS OIG in July 2005 which included DSCYF's responses to the various findings. Additionally, in response to a letter from Region III of the DHHS Administration for Children and Families, DSCYF submitted another response to the findings. DSCYF has requested a meeting with Region III staff to discuss the disposition of the findings. Region III is in the process of identifying potential meeting dates and as of 10/26/05, Region III has not contacted DSCYF with those dates.
Anticipated Completion Date (if not Fully corrected.)	Undetermined.

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Fiscal Year	2004
Finding Number	04-CYF-02
CFDA No.	93.568
Program Name	Foster Care—Title IV-E
Condition	For one of thirty payroll transactions selected for test work, although the employee's supervisor signed the effort report, the employee did not. The unsigned effort report was for the period October through December 2003.
Recommendation	We recommend that the Department's standard effort reporting form be amended to indicate that the employee must sign if more than one funding source is listed.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Employees with more than one funding source are signing their effort reports now.
Anticipated Completion Date (if not Fully corrected.)	N/A



STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-CYF-03
CFDA No.	93.658
Program Name	Foster Care—Title IV-E
Condition	<p>For four out of thirty non-payroll transactions selected for test work, costs were not allocated to Foster Care appropriately. In one instance, a cost of \$80.90 was inappropriately allocated to Foster Care. In three other instances, allocated amounts were inappropriately calculated (penetration rate, rate charged for allowable Board costs, or indirect cost rates were incorrectly applied) resulting in a net undercharge to Foster Care of \$1,129.</p> <p>Additionally, in one instance, the Department was not able to provide supporting documentation for the allocation of charges to Foster Care in the amount of \$113.</p>
Recommendation	We recommend that in instances where calculation is required to arrive at the Foster Care portion of cost, such calculations be reviewed for accuracy prior to transaction processing.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-CYF-04
CFDA No.	93.658
Program Name	Foster Care—Title IV-E
Condition	<p>We noted the following exceptions in a sample of thirty foster care providers that had been paid from federal funds listed in the FACTS/CPA system as approved providers (instances overlap, three providers total):</p> <ul style="list-style-type: none"> <li>▪ In two instances, no annual review of the foster family was performed during the audit period.</li> <li>▪ In one instance, the family was documented as not being IV-E eligible.</li> </ul> <p>Total Foster Care payments to these three providers for fiscal year 2004 totaled \$7,311.</p> <p>Total expenditures in the major object class “services to clients and agencies” was \$1,100,702.</p>
Recommendation	We recommend that controls surrounding foster care provider approval be improved to ensure that approval requirements are met and periodically reviewed in accordance with State policies.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	Of the \$7,311, DSCYF has identified \$6,295.58 (all funds) or \$3,297.60 FFP as inappropriately paid against IV-E. A decreasing adjustment of \$3,297.60 FFP is being processed on the 9/05 Title IV-E Federal report. The corrective actions have been implemented.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-CYF-05
CFDA No.	93.658 93.659
Program Name	Foster Care—Title IV-E Adoption Assistance
Condition	The Department contracts with several not-for-profit agencies to identify and approve foster care providers and adoptive parents. The Department determines which children are to be placed with the providers identified by the not-for-profits; however, the not-for-profit is responsible for determination and maintenance of documentation related to the approval of foster care and adoptive providers. Although the Department performs monitoring of these not-for-profits in conjunction with licensing determinations, OMB Circular A-133 audit reports are not obtained and reviewed.
Recommendation	We recommend that the Department obtain and review OMB Circular A-133 audit reports as described in the Compliance Supplement, Part 3, Section M for these not-for-profit organizations.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A response identical to the one DSCYF made to this finding (essentially disagreeing with the finding's conclusion) was sent to Region III of ACF in August 2005 in follow up to their letter requesting a response to this finding. As of 10/26/05, Region III has not responded to DSCYF's disagreement with the finding.
Anticipated Completion Date (if not Fully corrected.)	Upon receipt of information from Region III.

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-CYF-06
CFDA No.	93.659
Program Name	Adoption Assistance
Condition	A listing of potential duplicate payments generated using computer-assisted audit techniques disclosed 18 potential duplicate payments totaling \$11,457. Of these items, 13 were confirmed to be duplicate payments resulting in overpayments to providers of \$2,947.
Recommendation	We continue to recommend that a proposed system modification to prevent duplicate pay notes be implemented.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	DSCYF processed decreasing adjustments on the 6/05 Title IV-E Federal report for the duplicate payments. Additionally, the Department has modified the FACTS client information system to prevent duplicate pay notes from being implemented.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-CYF-07
CFDA No.	93.659
Program Name	Adoption Assistance
Condition	A listing of clients over age 18 receiving Adoption Assistance payments was generated using computer-assisted audit techniques. The listing included 140 payments totaling \$32,314. Of these payments, payments on behalf of one client totaling \$1,787 were erroneously made after the client turned 18 and had graduated from high school. Additionally, we noted an additional \$1,293 erroneously made in State fiscal year 2005 after three other clients turned 18 and had graduated from high school. We noted that in all three cases the 18 <sup>th</sup> birthday occurred prior to May 2004, although the graduation occurred after that date.
Recommendation	As noted above, the prior year audit recommendations were implemented during fiscal 2004 and should be in effect for subsequent audit periods. We make no further recommendation.
Agency Contact Name	Harry Roberts
Agency Contact Phone Number	302 892-4534
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	DSCYF processed decreasing claims for the erroneous payment on the 6/05 Title IV-E Federal report.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DEM-01
CFDA No.	97.036, 83.544
Program Name	Public Assistance Grants
Condition	The Delaware Emergency Management Agency (DEMA) does perform monitoring of its sub-recipients through reporting, site visits, and regular contact. However, DEMA had no procedures in place during the 2004 fiscal year to ensure that its 92 sub-recipients met the audit requirements of OMB Circular A-133. The total amount earned by sub-recipients for fiscal year 2004 was \$3,660,302.
Recommendation	We recommend that DEMA include the appropriate audit language in all sub-recipient agreements describing the sub-recipient's audit requirements under OMB Circular A-133. Additionally, DEMA should implement procedures to ensure that sub-recipient audit reports are obtained on a timely basis, and that appropriate follow-up is taken on findings, where applicable.
Agency Contact Name	Robert Harrison
Agency Contact Phone Number	302 659-3362
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Appropriate language has been added to the sub-recipient award letters indicating that they are required, If the threshold is met, to conduct a single audit and provide this office with a copy of the final audit report. We have also drafted a form letter to document our review of any single audits completed on sub-recipients.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DEM-02
CFDA No.	83.552, 97.042
Program Name	Emergency Management Performance Grants
Condition	The Delaware Emergency Management Agency (DEMA) does perform monitoring of its sub-recipients through reporting, site visits, and regular contact. However, DEMA had no procedures in place during the 2004 fiscal year to ensure that its 4 sub-recipients met the audit requirements of OMB Circular A-133. The total amount passed through to these sub-recipients for fiscal year 2004 was \$267,019.
Recommendation	We recommend that DEMA include the appropriate audit language in all sub-recipient agreements describing the sub-recipient's audit requirements under OMB Circular A-133. Additionally, DEMA should implement procedures to ensure that sub-recipient audit reports are obtained on a timely basis, and that appropriate follow-up is taken on findings, where applicable.
Agency Contact Name	Robert Harrison
Agency Contact Phone Number	302 659-3362
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Appropriate language has been added to the sub-recipient award letters indicating that they are required, If the threshold is met, to conduct a single audit and provide this office with a copy of the final audit report. We have also drafted a form letter to document our review of any single audits completed on sub-recipients.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DEM-03
Related Current Year Finding	05-DEM-01
CFDA No.	83.552, 97.042
Program Name	Emergency Management Performance Grants
Condition	Specific allocations are made from each employee's salary to the grant. Some employees' salaries are charged 100% to the grant, while only a portion of other employees' salaries are charged to the grant. There are no personnel activity reports that reflect after-the-fact distributions of the actual activity on the grants charged. No support exists for the salary allocations and no semi-annual certifications were prepared for employees working exclusively on the grant.
Recommendation	We recommend that EMPG personnel implement controls surrounding documentation of effort reporting to ensure that the required after-the-fact activity reports or semi-annual certifications as appropriate are maintained, and the charges are adjusted to reflect actual effort periodically.
Agency Contact Name	Robert Harrison
Agency Contact Phone Number	302 659-3362
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input checked="" type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Request for Semi-Annual Review and Certification is being accomplished in the month of August 2005. This will be done each year in February & August. After review is accomplished any adjustments will be made. Management has reviewed funding splits on all DEMA personnel and agree that splits now accurately reflect assigned duties as they relate to all grants used for personnel funding. We have a method of identifying hours worked on specific disasters that provide for payment of overtime hours worked so this is not charged to normal funding splits.
Anticipated Completion Date (if not Fully corrected.)	September 30, 2005



STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DEM-04
CFDA No.	83.552, 97.042
Program Name	Emergency Management Performance Grants
Condition	DEMA included the required Suspension and Debarment certification in its procurement contracts; however they did not have a procedure in place during the 2004 fiscal year to ensure that the four local units of government receiving sub-awards under the grant were not suspended or debarred. The total amount passed through to these governmental units was \$267,019.
Recommendation	We recommend that DEMA implement controls surrounding the checks of recipient agencies to ensure they are not suspended or debarred.
Agency Contact Name	Robert Harrison
Agency Contact Phone Number	302 659-3362
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A sub-recipient award acceptance letter created to address this and other issues. It is a requirement of all sub-recipients to certify, in writing to DEMA, they are neither suspended nor debarred, at the time funds are awarded. A copy is placed in DEMA's grant files
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DEM-05
CFDA No.	16.007
Program Name	State Homeland Security Grant
Condition	The Delaware Emergency Management Agency (DEMA) does perform monitoring of its sub-recipients through reporting, site visits, and regular contact. However, DEMA had no procedures in place during the 2004 fiscal year to ensure that its 23 sub-recipients met the audit requirements of OMB Circular A-133. The total cost of equipment passed through to sub-recipients totaled \$5,967,249.
Recommendation	We recommend that DEMA include the appropriate audit language in all sub-recipient agreements describing the sub-recipient's audit requirements under OMB Circular A-133. Additionally, DEMA should implement procedures to ensure that sub-recipient audit reports are obtained on a timely basis, and that appropriate follow-up is taken on findings, where applicable.
Agency Contact Name	Robert Harrison
Agency Contact Phone Number	302 659-3362
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Appropriate language has been added to the sub-recipient award letters indicating that they are required, If the threshold is met, to conduct a single audit and provide this office with a copy of the final audit report. We have also drafted a form letter to document our review of any single audits completed on sub-recipients.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DEM-06
CFDA No.	16.007
Program Name	State Homeland Security Grant
Condition	DEMA included the required Suspension and Debarment certification in its contracts to procure equipment under the grant, however they did not have a procedure in place during the 2004 fiscal year to ensure that the local units of government to which the State transferred title to 80% of the equipment procured under the State Homeland Security Grant (approximately \$6 million) were not suspended or debarred.
Recommendation	We recommend that DEMA implement controls surrounding the checks of recipient agencies to ensure they are not suspended or debarred.
Agency Contact Name	Robert Harrison
Agency Contact Phone Number	302 659-3362
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A sub-recipient award acceptance letter created to address this and other issues. It is a requirement of all sub-recipients to certify, in writing to DEMA, they are neither suspended nor debarred, at the time funds are awarded. A copy is placed in DEMA's grant files
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DMS-01
Related Current Year Findings	05-DSS-06
CFDA No.	10.551, 10.561
Program Name	Food Stamps
Condition	State agencies are required to automate their Food Stamp Program operations and computerize their systems for obtaining, maintaining, utilizing, and transmitting information concerning the Food Stamp Program (7 CFR sections 272.10 and 277.18). This includes: (1) processing and storing all case file information necessary for eligibility determination and benefit calculation, identifying specific elements that affect eligibility, and notifying the certification unit of cases requiring notices of case disposition, adverse action and mass change, and expiration; (2) providing an automatic cutoff of participation for households which have not been recertified at the end of their certification period by reapplying and being determined eligible for a new period (7 CFR sections 272.10(b)(1)(iii) and 273.10(f) and (g)); and (3) generating data necessary to meet Federal issuance and reconciliation reporting requirements.
Recommendation	We recommend that the system and user documentation for the DCIS II system be updated to reflect current operations and be consistently updated in a timely manner for future changes.
Agency Contact Name	Sandy Sarjeant
Agency Contact Phone Number	302 255-9774
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	If additional resources become available, the Business Logic Diagrams and Process Model Narratives will be updated. In the meantime, DSS will continue to document program changes and PMTS (Program Management Tracking System).
Anticipated Completion Date (if not Fully corrected.)	Ongoing

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2003
Finding Number	03-DNG-03
CFDA No.	12.401
Program Name	NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE PROJECTS
Condition	The Delaware National Guard did not complete and deliver the final accounting report that was due 90 days after the June 30, 2003 fiscal year end.
Recommendation	We recommend that the Delaware National Guard complete the final accounting report for fiscal year 2003 and set up policies and procedures to ensure its compliance in the future.
Agency Contact Name	Manuel Balseiro
Agency Contact Phone Number	302-326-7160
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Fully corrected. The FY 2004 report was submitted by Dec 31, 2004 and monthly follow-up reports prepared and forwarded to the USPFO of Delaware. Six month extension to close out outstanding encumbrances was requested and approved as part of the Dec 31, 2004 report. A further extension of three months was requested in June 2005 in order to close out the remaining \$18,632 of outstanding encumbrances in the ARNG RPOM appendix (Appr 1634).
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DNG-01
Related Prior Year Findings	03-DNG-02
Related Current Year Findings	05-DNG-01
CFDA No.	12.401
Program Name	National Guard--Operations
Condition	We noted that the Delaware National Guard had federal grants open dating as far back as fiscal year 1990. While there were no charges being made against the older grants that violated its period of availability, per the Cooperative Agreement with the Department of Defense, a grant can only be open for a maximum of five years. After this period, a grant must be closed out. For fiscal year 2004, only grants entered into fiscal year 2000 should remain open.
Recommendation	We recommend that the Delaware National Guard review all open grants and close out grants over five years old to ensure they are in accordance with the Cooperative Agreement and the period of availability.
Agency Contact Name	Manuel Balseiro
Agency Contact Phone Number	302-326-7160
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Not corrected. Supporting documentation to correct and close out these grants is not available. We have no way of closing out the cash balances unless State and Federal representatives can agree on a compromise. There is no doubt that there are errors in the DFMS amounts as well as the amounts billed to the Federal government. These error amounts and corrections cannot be made without supporting documentation unless a compromise agreement can be reached. We have not been successful in scheduling a meeting with State and Federal representatives to try and resolve this situation.
Anticipated Completion Date (if not Fully corrected.)	Will continue to try to schedule a meeting with State and Federal representatives to see if a compromise can be reached. At this point we hope that this will occur this coming fiscal year.

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DNG-02
Related Current Year Finding	05-DNG-02
CFDA No.	12.401
Program Name	National Guard—Operations
Condition	We noted that the Delaware National Guard does not apportion Army Operations and Maintenance (O&M) employees' salaries and benefits based on facility reimbursement rate and time spent at facility. For fiscal year ended June 30, 2004, the O&M salaries charged 100% to the Cooperative Agreement were \$390,188 and O&M salaries charged 75% to the Cooperative Agreement were \$137,887.
Recommendation	We recommend that the Delaware National Guard implement policies and procedures that allow them to properly apportion O&M salaries and benefits based on facility reimbursement rate and time spend at each facility.
Agency Contact Name	Manuel Balseiro
Agency Contact Phone Number	302-326-7160
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Not corrected. It is not clear which facility maintenance workers salaries are allocated based on the time worked at state/federal facilities. We have facility maintenance employees which are 100% State funded that perform administrative work (contracting, etc) which encompasses both federal and state facilities. Should their salaries be prorated based on the hours worked on state/federal building repair and maintenance contracts? Based on our original corrective action plan a three month review revealed that over \$25,000 would have to be recoded from Federal to State expenditures for that time period. The Delaware National Guard does not have the personnel funds to support such an increase without it being budgeted for in advance. The budgeting will be further complicated by the fact that the State budgets personnel costs based on work years (FTEs) and the revised procedures could mean a change in the FTEs percentage every year. Currently facility maintenance supervisory personnel have to manually track the time spent on state/federal facilities by each worker in order to provide the data needed to make the expenditure recoding.
Anticipated Completion Date (if not Fully corrected.)	Once it is known for sure which employees salaries are to be prorated we will make every effort to recode the salary expenditures as necessary. FY 2006 personnel expenditures will reflect the prorated amounts. Completion date will be 30 June 2006.

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DPH-01
Related Prior Year Finding	03-DPH-01
CFDA No.	93.917 93.282
Program Name	HIV Formula Grant Centers for Disease Control and Prevention, Investigations and Technical Assistance
Condition	We recommended in our prior year audit that the State accounting system (DFMS) screen prints or validity reports be maintained as supporting documentation for all federal drawdowns. Although validity reports are now maintained by the Division of Management Services (DMS), amounts requested did not agree to this supporting documentation for the thirteen (out of fifty-two weekly) drawdowns selected for test work for CFDA numbers 93.917 and 93.283.
Recommendation	We recommend that DPH conform its drawdown technique to that used by DMS for all other federal programs in the Department of Health and Social Services.
Agency Contact Name	Tom Bubacz
Agency Contact Phone Number	302 255-9247
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	DPH has changed its drawdown procedure to conform to the procedures used by the Division of Management Services for other federal programs.
Anticipated Completion Date (if not Fully corrected.)	



STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DPH-02
CFDA No.	93.917
Program Name	HIV Formula Grant
Condition	The annual FSR completed for the year ending March 31, 2004, submitted June 24, 2004 for the HIV Formula Grant included expenditures and unliquidated obligations through June 18, 2004 rather than through March 31, 2004.
Recommendation	We recommend that the program's policies and procedures be amended to ensure that cut-off for financial reporting purposes is proper.
Agency Contact Name	Vince Deskiewicz
Agency Contact Phone Number	302 744-4706
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Policy and procedure amended and implemented
Anticipated Completion Date (if not Fully corrected.)	

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Finding Number	04-DPH-03
CFDA No.	93.917
Program Name	HIV Formula Grant
Condition	<p>For one of the two primary HIV Formula grant's subrecipients which collectively receive approximately 75% of the program dollars, the subrecipient's June 30, 2003 A-133 report identified the following finding that impacts this program:</p> <ul style="list-style-type: none"> <li>• Effort reports documenting the actual distribution of salaries and wages charged to awards were not signed by the employee or by a responsible supervisory official on a monthly basis. Salaries and wages related to other projects may be incorrectly charged to a specific grant.</li> </ul> <p>Although the program reviews salary charges made to the HIV Formula grant during its site visit process, there was no documented follow-up on the issue that was identified in the A-133 report.</p>
Recommendation	We recommend that the program develop policies and procedures to ensure that subrecipient audit reports are reviewed and acted upon, including issuance of management decisions regarding any findings. Management decisions regarding lack of the need to follow-up on a finding should be clearly documented.
Agency Contact Name	Deborah Garritson
Agency Contact Phone Number	302 741-2920
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	The program has developed specific procedures to ensure that subrecipient audit reports are reviewed and acted upon which includes issuance of management decisions regarding any findings.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DPH-04
Related Prior Year Findings	03-DPH-02
Related Current Year Findings	05-DPH-05
CFDA No.	93.283
Program Name	Centers for Disease Control and Prevention, Investigations and Technical Assistance
Condition	<p>Because Center for Disease Control and Prevention, Investigation and Technology grant (CDC Grant) employees are generally funded 100% with federal funds, in the prior year we recommended that the CDC Grant program begin requiring employees to certify that they worked 100% on CDC Grant program activities, at least semi-annually.</p> <p>This recommendation was not implemented during the current year.</p>
Recommendation	We continue to recommend that effort reporting be completed for all CDC grant employees in accordance with federal guidelines.
Agency Contact Name	Deborah Clendaniel
Agency Contact Phone Number	302 744-4742
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	Procedure in place, but not fully implemented by all staff in each program.
Anticipated Completion Date (if not Fully corrected.)	PENDING implementation of procedure by individual programs and sections.

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DPH-05
CFDA No.	93.283
Program Name	Centers for Disease Control and Prevention, Investigations, and Technical Assistance
Condition	<p>CFDA number 93.283 is comprised of many different grants, each of which requires an annual FSR. For several of these grants, we noted that cut-off for the FSR was not appropriate.</p> <p>The annual FSR completed for award U50/CCU319689-03-3 for the year ending March 31, 2004, submitted June 16, 2004, included expenditures and unliquidated obligations through May 31, 2004 rather than through March 31, 2004.</p> <p>The annual FSR completed for award U55/CCU321881-02-1 for the year ending June 29, 2004 submitted September 23, 2004, included expenditures and unliquidated obligations through August 31, 2004 rather than through June 29, 2004.</p>
Recommendation	We recommend that the program's policies and procedures be amended to ensure that cut-off for financial reporting purposes is proper.
Agency Contact Name	Iwana Smith
Agency Contact Phone Number	302 744-4548
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	All Financial Status Reports utilize the expenditure report closest to the ending date of the corresponding reporting period.
Anticipated Completion Date (if not Fully corrected.)	

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-DPH-06
Related Current Year Finding	05-DPH-06
CFDA No.	93.283
Program Name	Centers for Disease Control and Prevention, Investigations, and Technical Assistance
Condition	<p>We noted that, in order to ensure provider claims are accurately paid, significant manual manipulation of the SFL database is required, including:</p> <ul style="list-style-type: none"> <li>▪ Reviewing the data for duplicate claims and suppressing payment on duplicates as appropriate</li> <li>▪ Reviewing and changing as appropriate State appropriation codes and fiscal years</li> <li>▪ Reviewing suspended items for propriety and changing status as appropriate</li> <li>▪ Reviewing claims denied for propriety and changing status as appropriate</li> </ul> <p>We also noted that:</p> <ul style="list-style-type: none"> <li>▪ There is no up-to-date system documentation including documentation of changes that have been made to the system since inception, which may result in difficulties in updating the SFL system for programmatic changes.</li> <li>▪ The system is based on Access 97, which is an application that is no longer supported Microsoft. This may result in difficulties in updating the SFL system for programmatic changes.</li> <li>▪ Test and production databases are on the same server, which may result in data being erroneously changed.</li> <li>▪ The system does not include all MDE's mandated by the grantor, which may result in difficulty providing adequate screening data to the grantor agency.</li> </ul> <p>Physical and logical security surrounding the SFL system contain weaknesses, such as the ability of users to potentially by-pass the data entry screens and manipulate underlying data, that may result in data being changed without the knowledge of program personnel.</p>
Recommendation	We recommend that the SFL program implement a secure application that accurately and appropriately process SFL claims data in accordance with program regulations.
Agency Contact Name	Kathleen Russell
Agency Contact Phone Number	302 741-2900
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	A contracted programmer is maintaining the current systems critical needs. A proposal to enhance the Department of Health and Social Services (DHSS) Medicaid Management Information System (MMIS) to include Screening for Life (SFL) cancer screening

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	program has been proposed for FY07.
Anticipated Completion Date (if not Fully corrected.)	Estimates on a date upon which a secure system will be operational are dependent on the review and approval of documents and proposal.

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Fiscal Year	2004
Finding Number	04-DPH-07
Related Current Year Finding	05-DPH-07
CFDA No.	93.283
Program Name	Centers for Disease Control and Prevention, Investigations, and Technical Assistance
Condition	<p>For the State of Delaware's Screening for Life program, data items related to the monitoring of clinical outcomes are collected on paper-based screening forms before entry into the SFL computer system. Submission of such forms is required in order for a claim to be paid. For a sample of 30 paid claims (totaling \$1,602 in claim reimbursement and \$268 in tracking fees) selected for testwork, we noted that 6 (totaling \$205 in claim reimbursement and \$40 in tracking fees) did not have completing tracking forms on file prior to the payment of the claim.</p> <p>We also noted that a "tracking fee" of up to \$20 is offered per claim as an incentive for providers to complete the screening forms. However, the tracking fee is generally paid regardless of the status of the screening forms. Total tracking fees paid for State fiscal year 2004 were approximately \$68,000.</p>
Recommendation	We recommend that the SFL program, in conjunction with the recommendation in finding 04-DPH-06, develop policies and procedures to effectively and efficiently track data items as required by program regulations. We further recommend that the SFL program either eliminate the tracking fee or only pay it when forms are appropriately completed by providers.
Agency Contact Name	Kathleen Russell
Agency Contact Phone Number	302 741-2900
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	<p>The Screening for Life Program has developed and implemented the following policies and procedures to effectively and efficiently track data items as required by program regulations:</p> <ol style="list-style-type: none"> <li>1. Program continues to gather missing minimum data elements and link to previous claims.</li> <li>2. Screening form requirement instituted June 1, 2005. All primary providers must supply screening forms w/in 60 days of date of service or claim reimbursement request and tracking fee is denied payment. Tracking fee for secondary providers will be removed effective September 30, 2005.</li> </ol>
Anticipated Completion Date (if not Fully corrected.)	On or before December 31, 2005

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Fiscal Year	2004
Finding Number	04-DSS-01
Related Current Year Finding	05-DSS-01
CFDA No.	93.775, 93.777, 93.778
Program Name	Medical Assistance Cluster
Condition	<p>For the sample of 45 Medicaid Credit Balance Reports selected, 1 overpayment was refunded to the Federal Government 39 days late (99 days after identification of the overpayment). This overpayment was recouped within the MMIS system.</p> <p>Additionally, for eight of the 45 items selected, the State and its third-party claims servicer could not determine whether the overpayment was actually refunded to the Medicaid Program, although these eight overpayments were repaid by providers to the State via check within the 60 day timeframe. Amounts collected but potentially not refunded for these eight items were \$62,168.</p>
Recommendation	We recommend that the Division develop policies and procedures regarding the refund of provider overpayments collected via check to ensure that such amounts are appropriately refunded within 60 days of identification of the overpayment.
Agency Contact Name	Frank Long Jeanne Skinner
Agency Contact Phone Number	302 255-9624
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	Policies and procedures are being revised to ensure that all overpayments collected are properly refunded within 60 days of the identification of the overpayment.
Anticipated Completion Date (if not Fully corrected.)	June 2006



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Fiscal Year	2004
Finding Number	04-DSS-02
Related Prior Year Findings	03-DSS-03
CFDA No.	93.775, 93.777, 93.778
Program Name	Medical Assistance Cluster
Condition	<p>We recommended in the prior year that the Division consolidate third party liability reporting and tracking into one system and develop comprehensive third party liability management reporting, including an aged list of open receivables, receivables by insurance carrier, and summary of writeoffs including reasons for writeoff. We further recommended that these reports be routinely reviewed to determine patterns within collection history so training and follow-up can be effectively implemented.</p> <p>This recommendation has not yet been fully implemented as per the Division's Summary Status of Prior Year Findings.</p>
Recommendation	We recommend that the Division continue to enhance its third party tracking and reporting, including converting older third party liability amounts to the third party liability system within MMIS.
Agency Contact Name	Frank Long Debbie Stokes
Agency Contact Phone Number	302 255-9624
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	All Third Party Liability tracking and reporting is now in the MMIS system. Cases have been created in the MMIS for all TPL Recoveries. An aging report of open receivables which includes conversion cases is available. Open receivables by insurance carrier is available in the TPLR 075 Open and Pending Recoveries Report and the claims written off are listed in the TPLR 151 TPL Accounts Receivable Closure Report. Write off reasons are indicated in the case record.
Anticipated Completion Date (if not Fully corrected.)	

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Fiscal Year	2004
Finding Number	04-DSS-03
CFDA No.	93.775, 93.777, 93.778
Program Name	Medical Assistance Cluster
Condition	The Division and its third-party claims servicer which is responsible for providing the utilization data do not have a comprehensive tracking and reporting mechanism in place for drug rebate receivables. Total amounts collected for State fiscal year 2004 were \$29,047,264. However, the total amount billed was not tracked.
Recommendation	We recommend that the Division develop comprehensive drug rebate management reporting, including an aged list of open receivables, receivables by manufacturer, and a summary of writeoffs including reasons for the writeoff. These reports should be routinely reviewed to determine patterns within collection history so training and follow-up may be effectively completed.
Agency Contact Name	Frank Long Cindy Denemark
Agency Contact Phone Number	302 255-9624
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The Delaware Drug Rebate Program has developed procedures to effectively address the recommendation. The MMIS accurately tracks all invoice transactions and allows the Rebate Analyst to input concise documentation of all issues affecting the invoice balance.
Anticipated Completion Date (if not Fully corrected.)	

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Fiscal Year	2004
Finding Number	04-DSS-04
Prior Year Related Findings	03-DSS-04
CFDA No.	93.775, 93.777, 93.778
Program Name	Medical Assistance Cluster
Condition	<p>This report details actual Medicaid expenditures claimed during the quarter. The following claim types are detailed in the report:</p> <ul style="list-style-type: none"> <li>• Inpatient Hospital Services</li> <li>• Mental Health Services</li> <li>• Skilled Nursing Services</li> <li>• Dental Services</li> <li>• Clinic Services</li> <li>• Outpatient Hospital Services</li> <li>• Radiology Services</li> </ul> <p>Each category has a numerical code for tracking purposes within the Medicaid Management Information System (MMIS) managed by third-party servicer EDS.</p> <p>We noted that the cost information provided by EDS in its weekly invoice is not presented in the same format as is required in the 64-9 report. Additionally, MMIS is not currently capable of sorting and totaling the claims data in the appropriate format for the report. Therefore, the Division of Management Services has to manually enter the EDS invoice data into various spreadsheets and perform adjustments to arrive at amounts reported.</p>
Recommendation	We continue to recommend that the Division of Social Services, in conjunction with the Division of Management Services, develop the necessary reporting capabilities within MMIS to eliminate the manual reporting process.
Agency Contact Name	Frank Long Melissa Romay
Agency Contact Phone Number	302 255-9624/302 255-9249
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	While some progress has been made to help eliminate manual reporting and enhance reporting capabilities, additional enhancements are required. DMS in conjunction with DSS will request the third-party servicer explore options to provide more manageable cost information for the CMS-64 report.
Anticipated Completion Date (if not Fully corrected.)	10/31/2005

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Fiscal Year	2004
Finding Number	04-DSS-05
Related Prior Year Findings	03-DSS-05
CFDA No.	93.775, 93.777, 93.778
Program Name	Medical Assistance Cluster
Condition	The State of Delaware has implemented procedures to select providers for reviews and audits to identify fraud, abuse, and non-compliance, and to document procedures performed. We note that for the first two quarters of the State's 2004 fiscal year, the Medicaid Survey Utilization Review (SUR) unit was not following the prescribed procedures. However, during the third and fourth quarters, measures were taken to ensure that reviews were conducted in accordance with policy and in a timely manner. We tested a sample of 30 reviews from the third and fourth quarters and noted no exceptions.
Recommendation	No further recommendation is considered necessary as this finding was corrected during the State's 2004 fiscal year.
Agency Contact Name	Frank Long Denise Dugan
Agency Contact Phone Number	302 255-9624
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input checked="" type="checkbox"/>
Description of Status	N/A
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DSS-06
Related Prior Year Findings	03-DSS-07
Related Current Year Findings	05-DSS-03
CFDA No.	93.767
Program Name	State Children's Health Improvement Program
Condition	<p>Using computer-assisted audit techniques, we obtained a listing of all participants listed in the State's eligibility system (DCIS II) as eligible as of June 30, 2004 whose nineteenth birthday had passed.</p> <p>We selected all 13 potential exceptions for further review, and noted in all instances, the client's case was not closed effective the beginning of the month following their nineteenth birthday. We note that DCIS II (the State's eligibility system) does not automatically redetermine eligibility for a DHCP client turning age 19. Social workers receive an alert and must review the case to change eligibility from SCHIP to another Medicaid type or close the client if ineligible for any Medicaid program.</p>
Recommendation	We continue to recommend that the Division develop a system edit to automatically terminate DHCP benefits in accordance with State policy.
Agency Contact Name	Frank Long Barbara Hanson
Agency Contact Phone Number	302 255-9624
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input checked="" type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The system should not close DHCP 19 year olds automatically because age is a factor in other agency programs. A monthly report is now generated and sent to appropriate staff for review.
Anticipated Completion Date (if not Fully corrected.)	09/01/2005

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Fiscal Year	2004
Finding Number	04-DSS-07
Related Current Year Finding	05-DSS-02 (Note: Although corrective action was implemented, errors continue to exist.)
CFDA No.	93.767
Program Name	State Children's Health Improvement Program
Condition	<p>Using computer-assisted audit techniques, we obtained a listing of all participants listed in the State's eligibility system (DCIS II) as eligible as of June 30, 2004 who were either qualified aliens who have not been in the United States at least five years or were legally residing non-qualified aliens.</p> <p>We selected all three potential non-qualified alien exceptions for further review, and noted one instance in which a case was opened in error for a child who was an illegal alien.</p> <p>In addition we selected twelve of forty-one potential qualified alien exceptions for further review, and noted one instance in which a case was opened in error for a child who has not been in the United States for at least five years.</p>
Recommendation	We recommend that the Division's policies and procedures concerning the update of key dates and other fields within its eligibility determination systems be reviewed to determine whether and to what extent such updates can be automated or edit checked so that they conform to information used in case management and either maintained in the case file or documented in the case remarks.
Agency Contact Name	Frank Long Sandy Sarjeant
Agency Contact Phone Number	302 255-9624
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	In 2005 DCIS screens and logic were updated to collect more accurate information from Social Worker staff related to clients' alien status.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DSS-08
Current Year Finding Number	05-DSS-04 (Note: Although the corrective action recommended was taken, the condition continued to persist. The auditors have further recommended that DSS determine whether it is cost beneficial to address inconsistencies between DCIS II and supporting documentation.)
CFDA No.	93.767 93.775, 93.777, 93.778 93.596 93.558
Program Name	State Children's Health Improvement Program Medical Assistance Cluster Child Care Cluster TANF
Condition	Using computer-assisted audit techniques, we obtained a listing of all participants listed in the State's eligibility system for Medicaid, TANF, and SCHIP (DCIS II), and Child Care (CCMIS) and tested specific eligibility requirements for each program noted above. We found several instances in which key eligibility data maintained in the DCIS II did not agree with the information that was in the participant's actual case file. In addition key dates (i.e. redetermination dates) found in "Case Remarks" screens (text fields), did not match the corresponding data screen in which these dates should be updated by the caseworker.
Recommendation	We recommend that the Division's policies and procedures concerning the update of key dates and other fields within its eligibility determination systems be reviewed to determine whether and to what extent such updates can be automated or edit checked so that they conform to information used in case management and either maintained in the case file or documented in the case remarks.
Agency Contact Name	Frank Long Barbara Hanson
Agency Contact Phone Number	302 255-9580
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	In 2005 redetermination process was revised and system is automatically setting the redetermination date and scheduling redeterminations from the approval of the benefits. If the client completes the redetermination, the system resets the date. If the client does not complete, the system closes the case.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-DTC-08
CFDA No.	84.007
Program Name	Student Financial Assistance Cluster (FSEOG)
Condition	The Owens' campus packaging policy awards increasing amounts of FSEOG to students based on student packaging groups that are developed using the following criteria: in-state status, interest in loans or federal work study, and expected family contribution. FSEOG awards range from \$250 (for the in-state lowest EFC category) to \$1600 (for the out-of-state highest EFC category).
Recommendation	Because the regulations related to FSEOG packaging are unclear, we recommend that the campus document its rationale for its packaging methodology and ensure that the policy is in compliance with all applicable federal regulations.
Agency Contact Name	Gerard M. McNesby, Vice President for Finance
Agency Contact Phone Number	302 730-4057
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action.X
Description of Status	The packaging policy practiced is that each PELL student receives \$200 from FSEOG which is in compliance with all applicable federal regulations.
Anticipated Completion Date (if not Fully corrected.)	N/A



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Fiscal Year	2003
Finding Number	03-DTC-09
CFDA No.	84.007, 84.032, 84.033, 84.038, 84.063
Program Name	Student Financial Assistance Cluster
Condition	The Wilmington/Stanton campus packaging policy awards increasing amounts of FSEOG to students based on student packaging groups that are developed using the following criteria: in-state status, interest in loans or federal work study, and expected family contribution. FSEOG awards range from \$200 (for the lowest in-state EFC category) to \$1750 (for the highest out-of-state EFC category).
Recommendation	Because the regulations related to FSEOG packaging are unclear, we recommend that the campus document its rationale for its packaging methodology and ensure that the policy is in compliance with all applicable federal regulations.
Agency Contact Name	Gerard M. McNesby, Vice President for Finance
Agency Contact Phone Number	302 739-4057
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action.XX
Description of Status	In practice, not all packaging groups are used. The campus is in compliance with federal regulations.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-DTC-12
CFDA No.	84.044, 84.047
Program Name	TRIO
Condition	The Wilmington/Stanton campus of DTCC did not perform semi-annual certifications for employees that are 100% funded by the TRIO program. The Program does not perform effort reporting to support payroll costs charged, as the bi-weekly timesheets completed by the employees do not include any certifications that the employees are 100% charged to the TRIO grant. .
Recommendation	We recommend that the Wilmington/Stanton campus require that employees prepare and sign semi-annual certifications that certify that the employee does spend 100% of their time on the TRIO Grant. These certifications should be approved by the appropriate supervising personnel.
Agency Contact Name	Gerard M. McNesby, Vice President for Finance
Agency Contact Phone Number	302 739-4057
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Effective January 2004 all TRIO Personnel complete a monthly activity report that includes the following statement:  I certify that I spend _____% of my time on the _____ Program. I certify that the information provided on this report is true to the best of my knowledge.  This form is signed by the employee and his/her immediate supervisor.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-DTC-13
CFDA No.	84.044, 84.047
Program Name	TRIO
Condition	<ul style="list-style-type: none"> <li>▪ For 1 of 30 students selected for eligibility testwork for the Upward Bound Classic program, the student did not meet the low income or potential first generation eligibility requirements.</li> <li>▪ For 17 of 30 students selected for eligibility testwork for the Upward Bound Math/Science program, the students' taxable income determinations were incorrectly calculated.</li> <li>▪ For 1 of 30 students selected for eligibility testwork for the Upward Bound Math/Science program, the student was incorrectly classified as a low income individual, as the participant's household income was more than 150% of the poverty rates determined by the Department of Education.</li> <li>▪ For 5 of 30 students selected for eligibility testwork for the Upward Bound Math/Science program, the income listed on the students' participant applications did not agree to the income figure used by program personnel to determine the students' eligibility.</li> <li>▪ For 1 of 30 students selected for eligibility testwork for the Upward Bound Math/Science program, there was no documentation of household income maintained in the student's file and the income verification section of the student's application was left blank.</li> </ul>
Recommendation	We recommend that the Wilmington/Stanton campus develop policies and procedures that require management review and authorization of individual student eligibility determinations.
Agency Contact Name	Gerard M. McNesby, Vice President for Finance
Agency Contact Phone Number	302 739-4057
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Effective January 2004 all Wilmington Campus TRIO Programs are required to use a standard "Eligibility Worksheet". This worksheet contains the required eligibility information for each participant. The worksheet is prepared by a program staff member, and verified by the Program Manager. The preparer and verifier each validate the document by providing their signature. Additionally, the Department Chair for Community and School Projects reviews the worksheets on a semi-annual basis. The new form has been used for all new

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	participants recruited for the 2003/2004 program year. Furthermore, the programs are in the process of completing Eligibility Worksheets for students who entered the program during previous program years. An anticipated completion date for this process is September 2004.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-01
Related Current Year Finding	05-DTC-01 (note that this finding is due to the fact that the corrective action was not implemented until mid-year. As of June 30, 2005 the status as stated below is correct.)
Campus	Wilmington/Stanton Campus
CFDA No.	84.007, 84.032, 84.033, 84.038, 84.063
Program Name	Student Financial Assistance Cluster
Condition	For 16 out of 30 Pell recipients selected, Pell disbursements were not reported within the required 30-day timeframe.
Recommendation	We recommend that the campus enhance its policies and procedures to ensure that Pell disbursement records are submitted to the Department of Education within the required 30 calendar days.
Agency Contact Name	Debra McCain
Agency Contact Phone Number	302 571-5321
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Staff has been trained on Common Origination and Disbursement procedures allowing for a schedule of sending and receiving files every two weeks. This will permit originations and disbursements to be reported in a timely manner.  The above corrective action plan has been implemented and COD continues to be performed on a bi-weekly basis.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-02
Related Current Year Finding	05-DTC-02 (Note: The corrective action listed below was taken, however errors continued to exist. The auditor has recommended that the corrective action be further enhanced.)
Campus	Wilmington/Stanton Campus
CFDA No.	84.007, 84.032, 84.033, 84.038, 84.063
Program Name	Student Financial Assistance Cluster
Condition	<ul style="list-style-type: none"> <li>▪ The College did not perform a Return of Title IV Calculation (R2T4) for five of 45 students selected, who withdrew before the 60 percent point of the enrollment period.</li> <li>▪ For one of the 45 students selected, Title IV funds were not returned within 30 days of the institution's determination that the student withdrew.</li> <li>▪ In addition, the College did not perform a Return of Title IV Calculation (R2T4) for three of 30 students selected for eligibility test work who withdrew completely before the 60 percent point of the enrollment period.</li> </ul>
Recommendation	<ul style="list-style-type: none"> <li>▪ We recommend that the campus enhance current policies and procedures to identify students who withdrew before the 60% point of the semester. This includes a review of the "Grade Change" report at the end of each semester that would identify those students who were not reported correctly by the instructor on the "Last Date Attended" report, which is submitted after the 60% point of the semester.</li> <li>▪ In addition, the campus should train all personnel in the Financial Aid office to perform Return of Title IV Calculations to ensure that Title IV funds are returned to the DOE timely.</li> </ul>
Agency Contact Name	Debra McCain
Agency Contact Phone Number	302 571-5321
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A timetable is in place to generate specific reports throughout the semester that capture students that withdrawal, stop attending or receive a grade change.  Specific reports:  generated at the end of drop/add period 4_Withdrawn

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	<p>No Show Roster</p> <p>generated at the end of the 60% point 4_Withdrawn – compare to the 1<sup>st</sup> report No Show Roster – compare to the 1<sup>st</sup> report Last Date of Attendance roster</p> <p>generated at the end of the semester U Grade Change Report</p> <p>The above Corrective Action Plan has been implemented and reports continue to be generated and reviewed by Financial Aid personnel to insure proper Title IV calculations are performed for students that officially and unofficially withdrawal.</p> <p>Beginning with the Fall 2005 semester the Financial Aid Office will use the 50% point of the semester in the Return to Title IV calculations for those students with unofficial withdrawal(s). During the actual R2T4 calculation, we will click on the box for schools not required to take attendance and 50% will automatically be used for the percentage of Title IV aid earned. For official withdrawals the Financial Aid Office will continue to use the date the student officially withdrew from all classes.</p>
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-03
Related Current Year Finding	05-DTC-03 (Note: The corrective action was taken. The audit identified other return to title IV findings that did not relate directly to the recommendation from the prior year.)
Campus	Owens Campus
CFDA No.	84.007, 84.032, 84.033, 84.038, 84.063
Program Name	Student Financial Assistance Cluster
Condition	The College did not perform a Return of Title IV Calculation (R2T4) for one out of 45 students selected, who withdrew before the 60 percent point of the enrollment period.
Recommendation	We recommend that the campus perform Return of Title IV Calculations for students who receive only loans and withdrawal before the 60 percent point of the enrollment period.
Agency Contact Name	Veronica Oney
Agency Contact Phone Number	302 855-1667
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Corrective action implemented.
Anticipated Completion Date (if not Fully corrected.)	N/A



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Fiscal Year	2004
Finding Number	04-DTC-04
Campus	Wilmington/Stanton
CFDA No.	84.044, 84.047
Program Name	TRIO Cluster
Condition	The Wilmington/Stanton campus of DTCC requires its employees to complete monthly personnel activity reports that list the various activities performed by each employee for the TRIO program. For the six month period from July to December 2003, the monthly activity reports completed by the employees did not include the proper certification, signed by the employee, that states that they spend 100% of their time on the TRIO program. Effective January of 2004, the Wilmington/Stanton campus began performing the required certifications for employees that are 100% funded by the TRIO program.
Recommendation	There is no recommendation associated with this finding as the Wilmington/Stanton campus has taken appropriate corrective action effective January 2004.
Agency Contact Name	Paul Morris
Agency Contact Phone Number	302 571-5327
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The Wilmington/Stanton Campus TRIO Programs have all TRIO staff members, including temporary and regular part-time staff, complete monthly activity reports that include the appropriate certification of time.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-05
Campus	Owens Campus
CFDA No.	84.044, 84.047, 84.042
Program Name	TRIO Cluster
Condition	The Owens campus of DTCC requires its employees to complete monthly personnel activity reports that list the various activities performed by each employee for the TRIO program. For the six month period from July to December 2003, the monthly activity reports completed by the employees did not include the proper certification, signed by the employee, that states that they spend 100% of their time on the TRIO program. Effective January of 2004, the Owens campus began performing the required certifications for employees that are 100% funded by the TRIO program.
Recommendation	There is no recommendation associated with this finding as the Owens campus has taken appropriate corrective action effective January 2004.
Agency Contact Name	Bonnie G. Hall, Special Programs Director
Agency Contact Phone Number	302/856-5400 x3360
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input checked="" type="checkbox"/>
Description of Status	See recommendation.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-06
Campus	Wilmington/Stanton
CFDA No.	84.047
Program Name	TRIO Cluster
Condition	<p>KPMG noted that a total of nine out of thirty students selected for program reporting testwork had one or more key line items that were erroneously reported. Below is a list of the errors noted:</p> <ul style="list-style-type: none"> <li>▪ There were two instances in which the student eligibility status did not agree to supporting documentation in the student file.</li> <li>▪ There was one instance in which a student's information was entirely omitted from the performance report.</li> <li>▪ There were seven instances where the student participation level at project entry date did not agree to supporting documentation in the student file.</li> </ul>
Recommendation	We recommend that the campus develop procedures to ensure that all student information entered into the UBMS Annual Performance Report is verified against the students' files prior to submission to the Department of Education.
Agency Contact Name	Paul Morris
Agency Contact Phone Number	302 571-5327
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The Upward Bound Math/Science Program has adopted the same data collection process that the Upward Bound Classic Program currently uses. The program will collect and make note of the required information (including all of the "Key Line Items") on a "Performance Report Data" sheet. This sheet will be completed by the assigned Student Enrichment Coordinator. The Program Manager will review each sheet for accuracy and then forward them on to the Program Secretary for input into the Access database. The annual performance report will be generated using the data that was collected and processed using these procedures. This process should eliminate the discrepancies between information in the student files and the information reported to the U.S. Department of Education.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-07
Campus	Terry Campus
CFDA No.	84.047
Program Name	TRIO Cluster
Condition	<p>KPMG noted that a total of twenty out of thirty students selected for program reporting testwork had one or more of the key line items noted above that were erroneously reported. Below is a list of the errors noted:</p> <ul style="list-style-type: none"> <li>▪ There was one instance in which a student's program entry date did not agree to the student file.</li> <li>▪ There were two instances in which the last date of program service did not agree to the student file.</li> <li>▪ There were nine instances in which the student participation status did not agree to documentation in the student file.</li> <li>▪ There were seventeen instances in which the student participation level did not agree to documentation in the student file.</li> <li>▪ There was one instance in which the student grade level (at time of entry into program) did not agree to documentation within the student file.</li> <li>▪ There were seven instances in which the student grade level (at end of reporting period) did not agree to documentation within the student file.</li> </ul>
Recommendation	We recommend that the campus develop procedures to ensure that all student information entered into the UBC Annual Performance Report is verified against the students' files prior to submission to the Department of Education.
Agency Contact Name	Robert Hearn, Campus Business Manager
Agency Contact Phone Number	302 857-1071
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	We requested DOE report and when received we made corrections to report and resubmitted. Each month the secretary and I meet and review newly entered data and student files. Blumen was purchased and is in use. Program Manager and Secretary compare data entered to student files to ensure consistency.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-08
Campus	Terry Campus
CFDA No.	84.042
Program Name	TRIO Cluster
Condition	<p>KPMG noted that a total of ten out of thirty students selected for program reporting testwork had had one or more of the key line items noted above that were erroneously reported. Below is a list of the errors noted:</p> <ul style="list-style-type: none"> <li>▪ There was one instance in which the student's program entry date did not agree to the student file.</li> <li>▪ There were four instances in which the first date of enrollment did not agree to the enrollment date per the student file or BANNER.</li> <li>▪ There were four instances in which the student eligibility status did not agree to documentation in the student file. Program management had previously identified these instances as a result of an internal review, however, they were not corrected.</li> <li>▪ There was one instance in which the participant grade level did not agree to documentation in the student file or BANNER.</li> </ul>
Recommendation	We recommend that the campus develop procedures to ensure that all student information entered into the SSS Annual Performance Report is verified against the student's files and the BANNER system prior to submission to the Department of Education.
Agency Contact Name	Charles L. Mundell, Program Manager
Agency Contact Phone Number	302 857-1030
Fining Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	The program's "Verification of Eligibility Form" has been modified to include all of the students' eligibility information. New program students' eligibility information will be reviewed and confirmed by the program staff prior to data entry into BLUMEN, the program's data tracking software. The program staff have completed a file audit of current participants to ensure the accuracy of participant information. These steps will help to ensure that all student information entered into the SSS Annual Performance Report including; the program entry date, first date of enrollment, eligibility status, and the grade level is verified against the BANNER system prior to submission to the Department of Education.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-08
Campus	Terry Campus
CFDA No.	84.042
Program Name	TRIO Cluster
Condition	<p>KPMG noted that a total of ten out of thirty students selected for program reporting testwork had had one or more of the key line items noted above that were erroneously reported. Below is a list of the errors noted:</p> <ul style="list-style-type: none"> <li>▪ There was one instance in which the student's program entry date did not agree to the student file.</li> <li>▪ There were four instances in which the first date of enrollment did not agree to the enrollment date per the student file or BANNER.</li> <li>▪ There were four instances in which the student eligibility status did not agree to documentation in the student file. Program management had previously identified these instances as a result of an internal review, however, they were not corrected.</li> <li>▪ There was one instance in which the participant grade level did not agree to documentation in the student file or BANNER.</li> </ul>
Recommendation	We recommend that the campus develop procedures to ensure that all student information entered into the SSS Annual Performance Report is verified against the student's files and the BANNER system prior to submission to the Department of Education.
Agency Contact Name	Charles L. Mundell, Program Manager
Agency Contact Phone Number	302 857-1030
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	The program's "Verification of Eligibility Form" has been modified to include all of the students' eligibility information. New program students' eligibility information will be reviewed and confirmed by the program staff prior to data entry into BLUMEN, the program's data tracking software. The program staff have completed a file audit of current participants to ensure the accuracy of participant information. These steps will help to ensure that all student information entered into the SSS Annual Performance Report including; the program entry date, first date of enrollment, eligibility status, and the grade level is verified against the BANNER system prior to submission to the Department of Education.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-DTC-09
Related Current Year Finding	05-DTC-05
Campus	All
CFDA No.	84.007, 84.032, 84.033, 84.038, 84.063
Program Name	Student Financial Assistance Cluster
Condition	<p>The State of Delaware Office of the Auditor of Accounts engaged a third party to perform a general controls review of the BANNER application, which supports the Student Financial Assistance Cluster at Delaware Technical and Community College.</p> <p>Findings identified in the report include weaknesses related to the following:</p> <ul style="list-style-type: none"> <li>• Policies and procedures</li> <li>• Back-up and recovery</li> <li>• User account administration</li> <li>• High access levels</li> <li>• User authentication procedures</li> <li>• Change control</li> </ul>
Recommendation	We recommend that Delaware Technical and Community College implement the recommendations as detailed in the above-referenced report.
Agency Contact Name	Peter Shoudy, Chief Technology Officer
Agency Contact Phone Number	302 739-3368
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	<p>For those recommendations that were agreed to either partially or fully by the College, the process of addressing the concerns is underway.</p> <p>Specific statuses are as follows:</p> <p>1.a. – detailed operating procedures will be developed as processes are performed.</p> <p>1.b. – process was already in place</p> <p>2. – Disaster Recovery/business continuity is active project for this calendar year.</p> <p>3.b. – although designated users do perform system testing, documentation of the results is not kept; this will be addressed in the coming year.</p> <p>6. – the migration to the web-based version was completed on August 15, 2005, thereby mitigating this concern.</p>

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	7.a. – the project to convert to Active Directory is currently underway, and in conjunction with that ID and password rules will be addressed.
Anticipated Completion Date (if not Fully corrected.)	Completion of those items described above is expected by June 30, 2006.



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Fiscal Year	2004
Finding Number	04-DTI-01
Related Current Year Findings	05-DTI-01
CFDA No.	93.775, 93.777, 93.778 93.767 93.558 10.551, 10.561 93.596 93.563 10.557 17.225
Program Name	Medical Assistance Cluster State Children's Health Improvement Program Temporary Assistance for Needy Families Food Stamp Cluster Child Care Cluster Child Support Enforcement Special Supplemental Nutrition Program for Women, Infants and Children Unemployment Insurance
Condition	<p>The State of Delaware Office of the Auditor of Accounts has issued a report which contains reportable conditions related to the information technology general controls surrounding the State's eligibility determination systems housed in the Biggs Data Center, including the DCIS II System (Medicaid, TANF, Food Stamps), the CCMIS System (Child Care), the WIC System (WIC Program), and the DACSES system (Child Support Enforcement). Additionally, the report contains reportable conditions related to the information technology general controls surrounding the State's Unemployment system, which is housed in the William Penn Data Center.</p> <p>The Biggs Data Center and William Penn Data Center are maintained by the Department of Technology and Information (DTI.)</p> <p>Findings identified in the report, entitled <i>State of Delaware Office of the Auditor of Accounts, Department of Technology and Information, Biggs and William Penn Data Center General Controls Follow-Up</i>, include weaknesses related to the following for the Biggs data center:</p> <ul style="list-style-type: none"> <li>■ Data security and classification</li> <li>■ User account management</li> <li>■ Data file access and security administration</li> <li>■ File transmissions</li> </ul>

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	<ul style="list-style-type: none"> <li>■ Business resumption</li> <li>■ Physical security and environmental controls</li> <li>■ Program change control</li> <li>■ Tape back-up</li> </ul> <p>Additionally, the following weaknesses were identified for the William Penn data center:</p> <ul style="list-style-type: none"> <li>■ Operating system and application development</li> <li>■ Data file access and security administration</li> <li>■ Change control</li> <li>■ Physical security</li> <li>■ Disaster recovery planning and backup procedures</li> </ul>
Recommendation	We recommend that DTI implement the recommendations as detailed in the above-referenced report.
Agency Contact Name	Tom Jarret, Secretary
Agency Contact Phone Number	302.739.9628
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The above-referenced report contained 36 recommendations. Responsible agency personnel expressed disagreement with six of the findings and resulting recommendations while corrective actions were implemented for the remaining 30. As of June 30, 2005, five of those plans have been accomplished while the remaining 25 are steadily progressing towards implementation.
Anticipated Completion Date (if not Fully corrected).	Ongoing.

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Fiscal Year	2003
Finding Number	03-ED-02
CFDA No.	10.558
Program Name	Child & Adult Care Food Program
Condition	During the subrecipient monitoring testing for the Child & Adult Care Food Program, it was noted that site visits were performed for 27.3% of sponsoring organizations and centers in lieu of the 33.3% required by 7 CFR section 226 for the program. The CFR also states that, of these visits, 15% must be unannounced. Only 9% of site visits were actually unannounced.
Recommendation	We recommend the DOE ensures the Child & Adult Care Food Program is fully staffed.
Agency Contact Name	William M. Lybarger
Agency Contact Phone Number	302 739-4676
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Additional sites were added to 2004 from 2003. The 33.3% was met for 2004 plus the missing 2003. Unannounced site visits are documented in management plans of sponsors. Unannounced visits are credited by Sponsor being unaware of meals monitored and random review of provider homes/records by SA.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2003
Finding Number	03-ED-07
CFDA No.	84.010, 84.340, 84.367, 84.352, 84.027 and 84.048
Program Name	Title 1 (84.010), Class Size Reduction (84.340), Improving Teacher Quality (84.367), Renovation Grants (84.352), Special Education (84.027) and Vocational Education (84.048)
Condition	The Red Clay school district did not perform effort reporting in accordance with OMB Circular A-87 for any of the programs noted above for employees fully funded by the program.
Recommendation	We recommend that the Red Clay school district maintain semi-annual certifications for employees who have been solely engaged in activities supported by one federal funding source.
Agency Contact Name	J. Brett Taylor
Agency Contact Phone Number	302 683-6641
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The Red Clay Consolidated School District has taken steps to rectify the absence of certifications, including the notification of principals and program managers in all of its federal program areas to provide semi-annual certifications, which is attached. In addition, the Title I program has instituted the certification process fully.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
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Fiscal Year	2003
Finding Number	03-ED-08
CFDA No.	84.010, 84.340, 84.367, 84.352, 84.027 and 84.048
Program Name	Title I (84.010) Class Size Reduction (84.340) Improving Teacher Quality (84.367) Special Education (84.027) Vocational Education (84.048)
Condition	<p>OMB Circular A-87 states that if an employee is paid from more than one cost objective, the agency must maintain time and effort distribution records from the employee. In addition, if the employee is paid solely from one cost objective, the school district must furnish semi-annual certifications that the employee has been engaged solely in activities supported by that particular federal funding source.</p> <p>Christina school district neglected to maintain time and effort distribution records for employees that charged time to federal programs. Accordingly, as cited in an October 2, 2003 report from the Office of the Auditor of Accounts, "the district did not have proper procedures in place to continuously review payroll funding allocations so as to correctly reflect the proper charges in each fund (i.e., state, local, and federal) on an ongoing basis and to prevent numerous payroll corrections". This lead to charges to state funds that should have been allocated to federal funding.</p> <p>Specifically, as noted in the October 2 report, "24 teachers...were hired to work on a federal program "Class Size Reduction." The 24 teachers hired for the program were charged to the State general fund...However, they should be charged to federal funds...In July 2003 (FY 2004) the district repaid the State's general fund \$660,585.</p>
Recommendation	We recommend that the Christina school district maintain time and effort distribution records for employees charging time to federal program. In addition, as cited in an October 2, 2003 report from the Office of the Auditor of Accounts, we further recommend that "the district review funding allocations for salary payments on a monthly basis to ensure that the funding allocations are correct based on authorized salary schedules. The district should adequately document the funding source in each employee's personnel file."
Agency Contact Name	Thresa Giles, Asst. Superintendent/CFO
Agency Contact Phone Number	302 454-2505
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>

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Description of Status	Time and Effort sheets where not properly signed in accordance with federal regulations for semi annual verification sheets. New verification sheets where developed and utilized in Fiscal Year 2004. Also, all federal employees personal file has been updated with each funding sources as well as the Board of Education approved salary structure.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-ED-01
Related Current Year Findings	05-OMB-01
CFDA No.	84.010 84.027, 84.173 84.048 84.367
Program Name	Title I Special Education Vocational Education Improving Teacher Quality
Condition	<p>The Department of Education draws down the funds for each of four programs listed above at the same time. Nine drawdowns totaling approximately \$28,225,000 were tested. Two of nine drawdowns tested were not in accordance with the Treasury State Agreement composite clearance method. One drawdown for approximately \$1,192,000 was drawdown four days earlier than the acceptable range of the composite clearance method and the second drawdown for approximately \$4,790,000 was six days earlier than the acceptable range of the composite clearance method.</p> <p>In addition, two other drawdowns did not have documentation to support why the drawdown amounts were different than the expenditure amounts on the general ledger. The drawdown amounts were greater than the general ledger expenditures by \$127,562 for these two drawdowns.</p>
Recommendation	We recommend that the Department reinforce procedures designed to follow the composite clearance method as per the Treasury State Agreement and continue to ensure that every drawdown is supported by expenditure information in the general ledger.
Agency Contact Name	Tammy Hughes
Agency Contact Phone Number	302 739-4663
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Draw downs are done in compliance with the agreement between the State of Delaware and the US Treasury Department as of July 1, 2005.
Anticipated Completion Date (if not Fully corrected.)	July 1, 2005

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Fiscal Year	2004
Finding Number	04-ED-02
Related Current Year Finding	05-OMB-01
CFDA No.	10.553, 10.555, 10.559 10.558
Program Name	Child Nutrition Cluster Child and Adult Care Food Program
Condition	The Department of Education draws down the funds for each of two programs listed above at the same time. Three drawdowns totaling approximately \$12,313,000 were tested. We noted that \$15,590 of expenses included in one drawdown for the Child Nutrition program was not traceable to an actual general ledger expense because the amount was mistakenly taken from the wrong column in the general ledger system.
Recommendation	We recommend that the Department reinforce management review-procedures designed to ensure that drawdowns are appropriately supported.
Agency Contact Name	Scott Kessel Tammy Hughes
Agency Contact Phone Number	302 739-4663
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Draw downs are done in compliance with the agreement between the State of Delaware and the US Treasury Department
Anticipated Completion Date (if not Fully corrected.)	July 1, 2005



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Fiscal Year	2004
Finding Number	04-ED-03
CFDA No.	10.558
Program Name	Child and Adult Care Food Program
Condition	Based on our review of subrecipient applications, we noted that none of the applications included certification by the subrecipient that the application is true and accurate nor did it include disclosures about the subrecipients' prior experience with publicly funded programs, their outside employment policy or proper contact information as required by 7 CFR section 226.6. However, based on the Departments monitoring of the subrecipients on an ongoing basis in accordance with the recordkeeping requirements of 7 CFR section 226.15(e), there do not appear to be any known issues related to the missing information on the applications. The total amount of expenditures passed through to subrecipients was \$8,256,622 for the year ended June 30, 2004.
Recommendation	We recommend that the Department revise its applications to ensure all required information and certifications are properly included in the application process so eligibility is properly evaluated and determined.
Agency Contact Name	Beth Weatherbee
Agency Contact Phone Number	302 739-4718
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Records have been updated at State level to reflect any data in question.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
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Fiscal Year	2004
Finding Number	04-ED-03
Related Current Year Finding	05-ED-01
CFDA No.	10.558
Program Name	Child and Adult Care Food Program
Condition	The Department of Education did not follow the pass-through entity requirements for OMB Circular A-133 reporting for its sub recipients under this program. There was no evidence that a confirmation was obtained from sub grantees that they were not required to have an audit and for three sub grantees who each received more than \$300,000 directly from the Department, there was also no confirmation or follow up on an OMB Circular A-133 report that should have been received from those sub grantees. However, based on the Department's monitoring of the sub recipients on an ongoing basis in accordance with the recordkeeping requirements of 7 CFR section 226.15(e), there do not appear to be any known issues related to lack of sub grantee OMB Circular A-133 reporting. Total expenditures passed through to sub recipients were \$8,256,622 for the year ended June 30, 2004.
Recommendation	We recommend that the Department implement procedures to ensure that sub recipient audit reports are obtained on a timely basis, and that appropriate follow-up is taken on findings, where applicable. We further recommend that the department ensure that it obtains confirmation from its sub recipients that they are not required to have an OMB Circular A-133 audit, if applicable.
Agency Contact Name	Beth Weatherbee
Agency Contact Phone Number	302 739-4718
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A-133 Reports have been provided by sub-grantees (3) required. Reporting has been updated to reflect on going payment summaries of sub recipients.
Anticipated Completion Date (if not Fully corrected.)	See Corrective Action Plan for 05-ED-01.

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Fiscal Year	2004
Finding Number	04-ED-05
Related Current Year Finding	05-ED-02 (Note: Although prior year corrective action was taken, a similar finding was noted in the current year.)
CFDA No.	10.553, 10.555, 10.559
Program Name	Child Nutrition Cluster
Condition	Based on our review of the SF-269 Form for the Child Nutrition Cluster, we noted that SF-269 Form reported a total federal share of outlays of \$15,483,485 which differed by \$17,454 from the program's Year-to-Date Payment Summary of \$15,500,939. The Year-to-Date Payment Summary is an excel spreadsheet that the Department uses to track the Child Nutrition program payments to the State's schools and other recipients.
Recommendation	We recommend that the Department determine whether or not the SF-269 filed was accurate. If the information reported is not accurate, the Department should submit an amended SF-269. If the information reported is accurate, the Department should prepare and maintain a reconciliation that explains the difference between the report and the Year-to-Date Payment Summary.
Agency Contact Name	Scott Kessel Tammy Hughes
Agency Contact Phone Number	302 739-4663
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	SF269 was amended.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
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Fiscal Year	2004
Finding Number	04-ED-06
CFDA No.	84.010
Program Name	Title I
Condition	We noted that the fifth component listed above was not included in the two schoolwide plans that we reviewed. The district had six schoolwide programs during the year ended June 30, 2004.
Recommendation	We recommend that the district develop procedures to ensure each schoolwide plan incorporates all necessary components listed in the federal regulations.
Agency Contact Name	Sean Sokolowski
Agency Contact Phone Number	302 672-1512
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	1) Align curriculum to new state standards for early childhood/site visitation and ongoing dialogue 2) Open House for Parents to register new kindergarten students (at site and in housing areas) 3) Provide packets of information, learning activities, and books that outline and provide practice for students before coming to Kindergarten 4) Susan Reeder currently serves as the Early Childhood Liasion between Capital and the preschool programs within our school district and DOE  All of these activities are not included in their school plans even though they are taking place. For the upcoming school year, I will direct the elementary principals to include a preschool goal under their school plans Goal A: Student Achievement that incorporates these activities to ensure that the transition from preschool to Kindergarten is successful.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-ED-07
School District	Seaford
CFDA No.	84.010 84.027, 84.173 84.048 84.367
Program Name	Title I Special Education Vocational Education Improving Teacher Quality
Condition	In connection with our testwork on the allowability of fifteen non-payroll costs, we reviewed the district's internal controls for suspension and debarment to determine whether the district obtained certification from its vendors concerning any suspension or debarment or that the district ensured that the vendor was not listed in the List of Parties Excluded From Federal Procurement or Nonprocurement Programs, issued by the General Services Administration (GSA). We noted that the district does not obtain certifications or verify each vendor's suspension and debarment status.
Recommendation	We recommend that the Seaford School District develop procedures to comply with the requirement to ensure that the vendors they use are not suspended or debarred by the Federal Government.
Agency Contact Name	Lynn Lester
Agency Contact Phone Number	302 629-4587
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The Seaford School District has put in place procedures to insure that suspension and debarment requirements are followed.
Anticipated Completion Date (if not Fully corrected.)	N/A

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Fiscal Year	2004
Finding Number	04-ED-08
School Districts	Seaford Red Clay Christina
CFDA No.	84.010 84.027, 84.173 84.048 84.367
Program Name	Title I Special Education Vocational Education Improving Teacher Quality
Condition	We noted that the school districts above neglected to obtain semi-annual certifications for employees who spent 100% of their time in one federal program.
Recommendation	We recommend that the above school districts maintain semi-annual certifications for employees that have been solely engaged in activities supported by one applicable funding source.
Agency Contact Name	Lynn Lester, Seaford Brett Taylor, Red Clay Thresa Giles, Christina
Agency Contact Phone Number	Lester - 302 629-4587 Taylor - 302 683-6641 Giles - 302 454-2500
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	<p>The Seaford School District has reminded the appropriate federal grant manager of this requirement and steps will be taken to insure that these certifications are obtained and maintained in the future.</p> <p>The Red Clay Consolidated School District has taken steps to rectify the absence of certifications, including the notification of principals and program managers in all of its federal program areas to provide semi-annual certifications, which is attached. In addition, the Title I program has instituted the certification process fully.</p> <p>Christina: Time and Effort sheets were not properly signed in accordance with federal regulations for semi annual verification sheets. New verification sheets were developed and utilized in Fiscal Year 2004. Also, all federal employees personal file has been updated with each funding sources as well as the Board of Education approved salary structure.</p>

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Anticipated Completion Date (if not Fully corrected.)	N/A
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Fiscal Year	2003
Finding Number	03-FIN-01
Type of Finding	Internal Control over Financial Reporting
Condition	<p>One individual in the Department of Finance is primarily responsible for the preparation of the State's CAFR, and another is responsible for some discrete parts of the CAFR. The majority of the CAFR is not completed until four/five months after year-end that leads to a significant amount of overtime incurred. In the event of an emergency with the key employee it would be difficult for the State to compile the CAFR prior to the December 31 deadline.</p> <p>There was minimal effective internal review of the CAFR prior to submitting the document for audit. We noted several large errors in the amounts reported in the basic financial statements due to decimal place and other typographical errors.</p> <p>Additionally, the financial reporting process is highly dependent on cooperation from Component Units and other Agencies. The Component Units and several large funds have separate audits that need to be coordinated. When there is not a separate audit, GAAP packages are completed annually by personnel in departments and agencies across the State. As a result, there are many manual processes completed by agency/department personnel. We noted some instances where the coordination was difficult because other parts of State government did not conform to the timeline. We also noted instances where information needed to complete the CAFR was either missing from the separate audit reports or reported in a format that was inconsistent with the State's CAFR format. This resulted in the Department of Finance having to recreate or reformat information. In addition, the GAAP package reporting process also relies on the audit to ensure that amounts are accurate and properly supported. We noted numerous large errors in the information submitted on the GAAP packages, which are discussed in greater detail in finding 03-FIN-02. We noted that there was no consistent review of the information submitted on the GAAP packages by the Department of Finance.</p>
Recommendation	<p>Management reviews the completed draft CAFR and approves significant adjustments, conversion to accrual adjustments and reconciliations. The review should be performed at a more level detailed in order to detect the errors noted above. Additionally, it should include an evaluation of the reasonableness of individual financial statement line items by an individual with sufficient financial reporting experience to detect inconsistencies and errors.</p> <p>The CAFR preparation process is able to begin after the year-end close of DFMS. The cash basis numbers can be input into the CAFR preparation worksheets at that time and footnotes such as cash and debt can be completed as soon as the year-end reconciliations are</p>



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	<p>completed. These will provide control totals for the financial statement preparation. We recommend that a “milestone list” be developed to identify specific timing. This will spread the preparation process over a longer period of time reducing the need for excessive overtime.</p> <p>In order to facilitate the CAFR preparation process and minimize the susceptibility of errors, we recommend that the worksheets used to prepare the CAFR be electronically linked whereby changes made on one worksheet will appropriately flow into related worksheets eliminating the need for manual adjustment and reducing the amount of errors.</p> <p>Management should re-evaluate the process to convert budget-basis numbers to GAAP and limit reconciling adjustments to material amounts.</p> <p>Maintaining sufficient documentation of the CAFR preparation and financial reporting process and cross training of staff and management would allow the CAFR preparation and financial reporting process to continue even in the event of an emergency.</p> <p>Timelines should be reviewed with the entities that receive separate audits to ensure compliance with the statewide process, including the submission of draft reports for review and comment by Finance before issuance. Additionally, these entities should be provided with control numbers for items expected to be identified in the financial statements, including; transfer amounts, debt, cash and due to/from. We also recommend that the Department of Finance prepare templates indicating the information needed to incorporate into the CAFR in a usable format eliminating the need for time-consuming reformatting of the information during the CAFR preparation process.</p> <p>The CAFR preparation process should be a priority for all entities/agencies included in the State’s financial reporting entity. We recommend that the importance of accurate and timely submission of financial information be communicated to the senior management responsible for these entities/agencies. In addition, we recommend that there be periodic status reports communicated to senior management to ensure that the CAFR preparation process continues to be a priority for the personnel responsible for the accurate submission of information.</p> <p>GAAP package information should be subject to an internal review by a knowledgeable accountant as soon as received to ensure that amounts are accurate and properly supported.</p>
Agency Contact Name	Trish Neely

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Agency Contact Phone Number	302 744-1035
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Please see Management Response Letter Update
Anticipated Completion Date (if not fully corrected)	Fiscal Year 2006

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Fiscal Year	2003
Finding Number	03-FIN-02
Type of Finding	Internal Control over Financial Reporting
Condition	<p>As capital assets are purchased by the State and the expenditures are input into DFMS, a screen prompting the user to provide additional information to capitalize the expenditure in the capital asset module of DFMS is shown. Users have the ability to bypass this screen without entering necessary data or an explanation of why the necessary information was not entered.</p> <p>In order to calculate the ending capital asset balances for inclusion in the CAFR, the State relies on information recorded in the GAAP packages. As noted above, the Department of Finance does not consistently review the information reported on the GAAP packages prior to the audit. We noted numerous, large errors in the amounts reported on GAAP packages and inconsistencies in the methodology used to support the amounts. This resulted in large adjustments to the amounts recorded in the basic financial statements. Specifically, due to system limitations, in order to change the value of an asset, agencies are required to delete existing items and re-enter the assets with the revised value into the system. The system improperly reflects this transaction as both a deletion and an addition to capital assets in the current year.</p> <p>In addition, construction projects in process are not being formally closed out to the appropriate capital asset category timely upon completion, resulting in depreciation not being recognized in the proper accounting period. Also, these projects, once in the capital asset system, are not being transferred to the appropriate agency in a timely manner. We noted numerous instances of projects that were completed and placed into service in prior years, but recorded as capital asset additions in the current year. We also noted that several agencies are not following the State's methodology for valuing construction in process. For example, several of the school districts selected for test work were using percentage of completion and budgeted amounts in order to value construction in process at June 30. We also noted that the construction in process expenditures as reported in the GAAP packages were not reconciled to capital expenditures as reflected in DFMS.</p>
Recommendation	<p>The DFMS screen used to populate the capital asset module should not be optional. If the asset purchased does not meet the requirements of capitalization, the screen should require a mandatory explanation detailing the reason why the asset is not subject to capitalization. The exception report should be reviewed by the Department of Finance on a periodic basis. If the input screen remains optional, the State should at a minimum review bypass reports and send bypass users a message soliciting reasons for bypass</p>

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	and detailing the State's fixed asset policies and procedures. The capital asset and construction in process balances comprise a significant portion of the State's total assets. As such, the reporting process should be centrally managed by the Department of Finance. The development of a capital asset accountant oversight position would ensure that the respective agencies are appropriately maintaining accurate capital asset balances throughout the year, transferring completed projects to the appropriate capital asset category timely and properly calculating ending balances on the GAAP packages. In addition, enhanced training (both classroom and one-on-one review) on the proper accounting for capital assets, including construction in process, should be mandatory for all agencies with significant capital asset balances to ensure that each agency is completing GAAP packages and calculating capital asset values consistently and in accordance with the State's policies and generally accepted accounting principles.
Agency Contact Name	Trish Neely
Agency Contact Phone Number	302 744-1035
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Please see Management Response Letter Update.
Anticipated Completion Date (if not fully corrected)	Fiscal Year 2006

STATE OF DELAWARE  
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Fiscal Year	2003
Finding Number	03-FIN-03
Type of Finding	Internal Control over Financial Reporting
Condition	<p>The preparation of the SEFA is the responsibility of the Department of Finance, Division of Accounting. The SEFA is developed from data in the State's accounting system, DFMS. Although DFMS is used by most State agencies in processing expenditures of federal awards, we noted several instances in which SEFA preparation process resulted in erroneous amounts being reported in the preliminary SEFA, such as missing programs, prior year balances, and incomplete amounts for Education programs.</p> <p>Additionally, we noted that there are several programs for which expenditure amounts are not recorded in DFMS. These include commodities programs, certain loan and loan guarantee programs, and Department of Transportation programs recorded in the State Department of Transportation's BACIS computer system, and Federal Family Education Loan Program loans. The Department of Finance currently does not have a mechanism in place to identify such amounts. These amounts were obtained from program personnel by the audit team and reported to the Department of Finance for inclusion in the SEFA.</p> <p>The Department of Finance is developing programming and procedures to address the above.</p>
Recommendation	<p>We recommend that the Department of Finance provide SEFA amounts to State agencies responsible for administering federal programs. The agencies should compare amounts against internal records and federal financial reports and either submit corrected expenditure amounts to the Department for inclusion in the SEFA or certify the accuracy and completeness of the agency's portion of the SEFA.</p> <p>We further recommend that the Department of Finance should obtain and validate the federal expenditure amounts for programs not captured in DFMS.</p> <p>Additionally, we recommend that the procedures the Department of Finance has developed related to SEFA preparation be formalized and approved by management and separated into changes needed to the SEFA programming and ongoing SEFA reporting procedures.</p>
Agency Contact Name	Linda Murabito
Agency Contact Phone Number	302 744-1077
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	The SEFA preparation process has been corrected and there were no

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	<p>discrepancies in the 2004 reports. The division added a new certification concerning the accuracy and completeness of federal expenditures, if awarded in the SEFA, to the agency representation letter which was distributed to state organizations on July, 1, 2005. This document must be certified by department heads and chief financial officers and returned to the division by August 15, 2005. The new SEFA table is ready for data entry and training needs to be completed by the user agencies. The written procedures are still in draft format and focus on the division's internal process. Furthermore, since only five agencies are affected by this process, we will not promulgate the procedures agency-wide and will provide individualized training to the affected agencies.</p>
Anticipated Completion Date (if not fully corrected)	September 1, 2005

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Fiscal Year	2004
Finding Number	04-FIN-01
Related Prior Year Finding	03-FIN-01
Type of Finding	Internal Control Over Financial Reporting
Condition	<p>There is a lack of segregation of duties over the preparation of the CAFR. Specifically, one individual in the Department of Finance is primarily responsible for the preparation of the State's CAFR, and additional consultants were hired for some discrete parts of the CAFR. The majority of the CAFR again was not completed until four/five months after year-end that leads to a significant amount of overtime incurred. In the event of an emergency with the key employee it would be difficult for the State to compile the CAFR prior to the December 31 deadline.</p> <p>The CAFR process entails compiling worksheets, completing reconciliations, customizing reports and recording "State" adjustments. The many sources of information and the extent of modification necessary results in a financial reporting process that is highly complex and susceptible to errors, we noted approximately 30 errors in different spreadsheets provided to us to audit. There was internal review of the CAFR prior to submitting the document for audit, but the process did not detect the significant amount of errors noted above. Additionally, while a timeline was developed for the completion of major milestones for the CAFR process, none of the significant deadlines were met and while a first complete draft of the CAFR was planned for November 1<sup>st</sup>, it was not available until December 1<sup>st</sup>. We noted that 34 of the 48 financial reporting deliverables were not completed by the projected deadlines. Additionally, the financial reporting process is highly dependent on cooperation from component units and other agencies. The component units and several large funds have separate audits that need to be coordinated. When there is not a separate audit, accrual accounting (GAAP) packages are completed annually by personnel in departments and agencies across the State. As a result, there are many manual processes completed by agency/department personnel. Although we noted significant improvement in the timing of receipt of component unit and other agency financial statements, we continue to see instances where the coordination was difficult because other parts of State government did not conform to the timelines. We noted that the Auditor of Accounts office did coordinate with the Division of Accounting to inform all component unit and other agency auditors of the data that was needed for the notes to the financial statements. The information received was improved as a result, but some reconciliation issues remain. In addition, the GAAP package reporting process also relies on the audit to ensure that amounts are accurate and properly supported. We noted numerous errors in the information submitted on the</p>

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	<p>GAAP packages.</p> <p>Lastly, we noted that the information received for the cash and investment note support did not agree to the bank statement, ledger, or cash reconciliations because the Treasurer's office attempted to obtain information directly from the State's financial institutions without reconciling the amounts to the Delaware Financial Management System (DFMS). As a result, the categorization and classification of cash and investments in the supporting documentation did not agree to the primary government financial statements.</p>
Recommendation	<p>We recommend that management review the completed draft CAFR and approve all significant adjustments, conversion to accrual adjustments and reconciliations. The review should be performed at a more detailed level in order to detect the errors noted above. Additionally, it should include an evaluation of the reasonableness of individual financial statement line items by an individual with sufficient financial reporting experience to detect inconsistencies and errors.</p> <p>The CAFR preparation process is able to begin after the year-end close of DFMS, which is usually around the August timeframe. The cash basis numbers can be input into the CAFR preparation worksheets at that time and notes such as cash and debt can be completed as soon as the year-end reconciliations are completed. These will provide control totals for the financial statement preparation. We recommend that the "milestone list" that was developed be improved to phase the specific timing of key reports and deliverables in order to spread the preparation process over a longer period of time. This will reduce the need for excessive overtime.</p> <p>In order to facilitate the CAFR preparation process and minimize the susceptibility to errors, we again recommend that the worksheets used to prepare the CAFR be electronically linked whereby changes made on one worksheet will appropriately flow into related worksheets eliminating the need for manual adjustment and reducing the amount of errors.</p> <p>Management should re-evaluate the process to convert budget-basis numbers to GAAP and limit reconciling adjustments to material amounts.</p> <p>Maintaining sufficient documentation of the CAFR preparation and financial reporting process and cross training of staff and management would allow the CAFR preparation and financial reporting process to continue even in the event of an emergency. We</p>



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	<p>strongly encourage the State to hire an assistant to the financial reporting personnel who can help control the closeout process.</p> <p>The improvements in the component unit timelines should be built upon to insure complete compliance, and comments on potential improvements to the financial statements for 2005 should be communicated to the component units by the Division of Accounting as soon as possible to allow them to plan. Additionally, these entities should be provided with control numbers for items expected to be identified in the financial statements, including; transfer amounts, debt, cash and due to/from. The CAFR preparation process should be a priority for all entities/agencies included in the State's financial reporting entity. The periodic audit status calls between the Division of Accounting, Auditor of Accounts and us helped to identify and resolve issues, but we continue to recommend that the importance of accurate and timely submission of financial information be communicated to the senior management responsible for these entities/agencies. In addition, we recommend that there be periodic status reports communicated to senior management to ensure that the CAFR preparation process continues to be a priority for the personnel responsible for the accurate submission of information. GAAP package information should be subject to a site review by Division of Accounting personnel for all material agencies in addition to a desk review by a knowledgeable accountant as soon as received to ensure that amounts are accurate and properly supported.</p> <p>We also recommend that the Treasurer's office prepare the cash and investment note information utilizing the bank statements and reconciliations for each respective account to ensure the accuracy of the information.</p>
Agency Contact Name	Trish Neely
Agency Contact Phone Number	302 744-1035
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Please see Management Response Letter Update
Anticipated Completion Date (if not Fully corrected.)	Fiscal Year 2006

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Fiscal Year	2004
Finding Number	04-FIN-02
Related Prior Year Finding	03-FIN-02
Type of Finding	Internal Control Over Financial Reporting
Condition	<p>In order to calculate the ending capital asset balances for inclusion in the CAFR, the State relies on information recorded in the GAAP packages. As noted above, the Department of Finance hired consultants to review the data received from the various departments. The accountants noted numerous, large errors in the amounts reported on GAAP packages and some remaining inconsistencies in the methodology used to support the amounts. This resulted in large adjustments to the gross amounts recorded in the basic financial statements. Specifically, due to system limitations, in order to change the value of an asset, agencies are required to delete existing items and re-enter the assets with the revised value into the system. The system improperly reflects this transaction as both a deletion and an addition to capital assets in the current year. In addition, construction projects in process are not being formally closed out to the appropriate capital asset category timely upon completion, resulting in depreciation not being recognized in the proper accounting period. Also, these projects, once in the capital asset system, are not being transferred to the appropriate agency in a timely manner. We noted numerous instances of projects that were completed and placed into service in prior years, but recorded as capital asset additions in the current year. Additionally, it was discovered that several health and social services capital assets were inadvertently omitted from the final fixed asset ledger due to coding issues in the DFMS system. Additionally, the depreciation report in DFMS included the depreciation on assets below the \$15,000 capitalization threshold. These issues arose as a result of programming criteria being changed without Division of Accounting review and validation. We also noted that the construction in process expenditures as reported in the GAAP packages were not reconciled to capital expenditures as reflected in DFMS as part of the GAAP package process.</p>
Recommendation	<p>The capital asset and construction in process balances comprise a significant portion of the State's total assets. As such, we recommend that the balances be centrally managed by the Department of Finance including site visits to agencies with significant capital assets and construction projects throughout the year. The development of a capital asset accountant oversight position would ensure that the respective agencies are appropriately maintaining accurate capital asset balances throughout the year, transferring completed projects to the appropriate capital asset category timely, validating the accuracy of system reports and properly calculating ending balances on the GAAP packages. In</p>

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	addition, enhanced training on the proper accounting for capital assets, including construction in process should be mandatory for all agencies with significant capital asset balances to ensure that each agency is completing GAAP packages and calculating capital asset values consistently and in accordance with the State's policies and generally accepted accounting principles.
Agency Contact Name	Trish Neely
Agency Contact Phone Number	302 744-1035
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Please see Management Response Letter Update
Anticipated Completion Date (if not Fully corrected.)	Fiscal Year 2006

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Fiscal Year	2004
Finding Number	04-FIN-03
Related Prior Year Finding	03-FIN-03
Type of Finding	Internal Control Over Financial Reporting
Condition	<p>The preparation of the SEFA is the responsibility of the Department of Finance, Division of Accounting. The SEFA is developed from data in the State's accounting system, DFMS. Although DFMS is used by most State agencies in processing expenditures of federal awards, we noted several instances in which SEFA preparation process resulted in erroneous amounts being reported in the preliminary SEFA, such as missing programs, prior year balances, and incomplete amounts for Education programs.</p> <p>Additionally, we noted that there are several programs for which expenditure amounts are not recorded in DFMS. These include commodities programs, certain loan and loan guarantee programs, and Department of Transportation programs recorded in the State Department of Transportation's BACIS computer system. The Department of Finance currently does not have a mechanism in place to identify such amounts. These amounts were obtained from program personnel by the audit team and reported to the Department of Finance for inclusion in the SEFA.</p>
Recommendation	<p>We recommend that the Department of Finance provide SEFA amounts to State agencies responsible for administering federal programs. The agencies should compare amounts against internal records and federal financial reports and either submit corrected expenditure amounts to the Department for inclusion in the SEFA or certify the accuracy and completeness of the agency's portion of the SEFA.</p> <p>We further recommend that the Department of Finance obtain and validate the federal expenditure amounts for programs not captured in DFMS.</p> <p>Additionally, we recommend that the procedures the Department of Finance has developed related to SEFA preparation be formalized and approved by management and separated into changes needed to the SEFA programming and ongoing SEFA reporting procedures and incorporated into training for Statewide financial personnel.</p>
Agency Contact Name	Linda Murabito
Agency Contact Phone Number	302 744-1077
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>The SEFA preparation process has been corrected and there were no discrepancies in the 2004 reports. The division added a new certification concerning the accuracy and completeness of federal expenditures, if awarded in the SEFA, to the agency representation letter which was distributed to state organizations on July, 1, 2005.</p>

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	<p>This document must be certified by department heads and chief financial officers and returned to the division by August 15, 2005. The new SEFA table is ready for data entry and training needs to be completed by the user agencies. The written procedures are still in draft format and focus on the division's internal process. Furthermore, since only five agencies are affected by this process, we will not promulgate the procedures agency-wide and will provide individualized training to the affected agencies.</p>
Anticipated Completion Date (if not Fully corrected.)	September 1, 2005

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Fiscal Year	2004
Finding Number	04-FIN-04
Type of Finding	Internal Control Over Financial Reporting
Condition	<p>The State of Delaware Office of the Auditor of Accounts has issued three reports which contain reportable conditions related to the information technology general and application controls surrounding the State's accounting (DFMS) and payroll (PHRST) computer systems which are involved in the processing of financial transactions.</p> <p>A summary of the findings of these reports follows. State of Delaware Office of the Auditor of Accounts, Department of Finance DFMS Application Controls Fiscal Year 2004 Information Systems Audit (Report IS-2004-02)</p> <p>This report identified opportunities to strengthen the security and data reliability of DFMS, including weaknesses in the following areas relative to DFMS application controls:</p> <ul style="list-style-type: none"> <li>▪ User account management: DFMS user accounts are not being removed or disabled on a timely basis when personnel transfer or separate from State employment.</li> <li>▪ Monthly reconciliations: The majority of agencies and school districts are not remitting the monthly certifications as required by Delaware Accounting Memorandum #04-14. Additionally, the Department of Finance did not have an internal policy to effectively track monthly remittance of agency/school district certifications.</li> <li>▪ DFMS authorization forms: The Division of Accounting is not adequately maintaining DFMS authorization forms.</li> <li>▪ Access to DFMS production datasets: Programmers responsible for maintaining the DFMS application have been granted access to DFMS production datasets without adequate controls to detect changes made to the production environment.</li> <li>▪ DFMS suspense table: Agencies are not resolving DFMS transactions that fail to pass system edit routines in a timely manner.</li> </ul> <p>State of Delaware Office of the Auditor of Accounts, State Personnel Office/Department of Finance, PHRST ERP Audit Fiscal Year 2004 Information Systems Audit (Report IS-2004-03)</p> <p>This report identified internal control vulnerabilities, which, if exploited, could permit improper changes to the system's security structure and changes to payroll data to occur and not be readily detected, including weaknesses in:</p> <ul style="list-style-type: none"> <li>▪ Security documentation: Management does not maintain documentation relating to the design and assignment of permission lists and roles for the PHRST system.</li> <li>▪ Powerful permissions: Security administration functions have not been properly segregated and the assignment of powerful permissions are not commensurate with job functions.</li> </ul>

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	<ul style="list-style-type: none"> <li>▪ Restricting access to the application designed tool: Access to PeopleSoft development and integration tools has not been adequately restricted for the PHRST system.</li> <li>▪ Security table logging and audit trails: Management does not regularly review PeopleSoft audit tables and changes to the PeopleSoft security tables are not being followed.</li> </ul> <p>State of Delaware Office of the Auditor of Accounts, Department of Technology and Information, Biggs and William Penn Data Center General Controls Follow-Up (Report IS-2005-03)</p> <p>This report identified weaknesses in general controls related to the William Penn Data Center, which houses the DFMS and PHRST systems, including weaknesses in:</p> <ul style="list-style-type: none"> <li>▪ Operating system and application development</li> <li>▪ Data file access and security administration</li> <li>▪ Change Control</li> <li>▪ Physical security</li> <li>▪ Disaster recovery planning and backup procedures</li> </ul>
Recommendation	We recommend that the State implement the recommendations as outlined in the above-referenced reports.
Agency Contact Name	<p>Department of Technology and Information R. Dale Abbott, IT Audit Control Specialist, Department of Technology and Information</p> <p>Department of Finance Trish Neely, Director of Accounting</p>
Agency Contact Phone Number	<p>Abbott - 302 739-9634 Neely - 302 744-1035</p>
Finding Status	<p>Fully Corrected. <input type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input checked="" type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>The following actions have been completed related to the above recommendations: DFMS audits security access using a report that interfaces with PHRST records to notify the DFMS Security Administrator of changes in DFMS users employment (termination and transfer to other organizations). This report is received monthly and access in DFMS is disabled or deleted as required. This report is also used to audit the files of authorization forms. COMPLETE</p> <p>The division developed and implemented a policy that requires monthly certification of internal controls by state organizations. COMPLETE</p> <p>The DFMS staff now uses reports to audit files on authorization forms. COMPLETE</p> <p>DTI management review controls are in place for the DFMS production database. COMPLETE</p> <p>DFMS is developing a new suspense file report that will include ALL transactions on the suspense file greater than 30 days. Organizations will have access to this report through Mobius.</p>

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Anticipated Completion Date (if not Fully corrected.)	Completion expected by 10/31/05
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STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-SAM-01
Related Prior Year Findings	02-SAM-03, 03-SAM-01
Related Current Year Findings	05-SAM-01
CFDA No.	93.959
Program Name	Block Grants for the Prevention and Treatment of Substance Abuse
Condition	No periodic certifications had been completed for eight of the twelve employees selected for testwork. All of the sampled employees were 100% charged to the program.
Recommendation	We recommend that the Division develop procedures to ensure employees expected to work solely on a single Federal award or cost objective document their effort by completing, at least on a semi-annual basis, periodic certifications that the employees worked solely on that program for the period covered by the certification.
Agency Contact Name	Michael Kelleher
Agency Contact Phone Number	302 255-9416
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The four employees are now charged to the SAPT Block Grant and these employees complete periodic certifications twice a year.
Anticipated Completion Date (if not Fully corrected.)	

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
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Fiscal Year	2004
Finding Number	04-SAM-02
CFDA No.	93.959
Program Name	Block Grants for the Prevention and Treatment of Substance Abuse
Condition	<p>In our sample of 30 non-payroll transactions (total sample \$322,080), we noted 2 items for administrative costs (total \$1,457) that were allocated to the Block Grant for the Prevention and Treatment of Substance Abuses on the basis of total funding available from various funding streams rather than actual usage of these services (i.e., Attorney General charges) by the program.</p> <p>Total non-payroll costs other than contractual services for client service charged to the cluster for fiscal year 2004 were \$37,043.</p>
Recommendation	We recommend that the Division develop procedures to allocate administrative costs on the basis of actual usage of goods or services by the program. We further recommend that the Division ensure that administrative items applied to the Block Grant as direct costs are not already included as part of the indirect cost rate billed quarterly by the Division of Management Services.
Agency Contact Name	Michael Kelleher
Agency Contact Phone Number	302 255-9416
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	The Division has ensured that administrative items applied to the Block Grant as direct costs are not already included as part of the indirect cost rate billed quarterly by the Division of Management Services. Due to staff attrition and the complexity of the project the Division has not developed the procedures and methodology to allocate administrative costs on the basis of actual usage of goods or services.
Anticipated Completion Date (if not Fully corrected.)	12/01/05

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2003
Finding Number	03-SSC-01
CFDA No.	93.569
Program Name	Community Services Block Grant
Condition	States must conduct onsite reviews of each eligible subgrantee once every three years to determine conformity with performance goals, administrative standards, financial management rules, and other requirements. Although the appropriate monitoring procedures were performed for fiscal year 2003 as evidenced through correspondence and notes, there was no formal documentation of these procedures. Additionally, there are no formal policies and procedures concerning monitoring.
Recommendation	We recommend that the Division of State Service Centers develop subrecipient monitoring policies and procedures, including guidance on formal documentation of conclusions and recommendations related to monitoring visits.
Agency Contact Name	Maureen Tucker Ben Klein
Agency Contact Phone Number	Tucker - 302 255-9691 Klein - 302 255-9888
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Monitoring policies and procedures were written by the CSBG Program Manager, who also served on a national monitoring work group to draft national "Standard Monitoring Principles and Practices for CSBG", which are still subject to comment and have been added to the CSBG State Plan for 2006 & 2007 as an appendix. An issue regarding review of patient files for monitoring purposes and confidentiality issues concerning HIPAA is under review. The resolution of this issue needs to be incorporated into the document. State policies and procedures written 9/26/04.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
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Fiscal Year	2003
Finding Number	03-SSC-04
CFDA No.	93.568
Program Name	Low Income Home Energy Assistance Program (LIHEAP)
Condition	It is the Division of State Service Centers' policy to conduct monitoring visits at least one time a year. There was no monitoring visit for Catholic Charities, the subrecipient that receives a majority of LIHEAP funds, during the 2003 fiscal year. Additionally, the Cooling segment of the LIHEAP program is not included in monitoring procedures and also has not been included in the automated eligibility database used by Catholic Charities.
Recommendation	We recommend that monitoring visits be made a least once each year for all subrecipients. We further recommend that monitoring visits include the Cooling segment and that the Cooling program be included in the automated database.
Agency Contact Name	Leslie Lee Ben Klein
Agency Contact Phone Number	Lee - 302 255-9681 Klein - 302 255-9888
Finding Status	Fully Corrected. <input type="checkbox"/> Not Corrected or Partially Corrected. <input checked="" type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	This issue has been partially corrected. A monitoring visit for contractor agency, Catholic Charities was made on October 26, 2004. No adverse findings were noted. A schedule has been established to monitor at least annually. The monitoring form was revised to include Cooling Program files.  The portion of this finding that has not been corrected is the inclusion of the Cooling Program as part of the automated database. It was initially included in the FY'05 contract with the agency that manages the database, but due to a new policy requiring DTI to review and approve all technology related contracts, it was not possible to include the new programs in the contract and have it signed and in place early enough to continue uninterrupted service for LIHEAP clients in FFY'05.
Anticipated Completion Date (if not Fully corrected.)	Completion date for adding the Cooling Program to the database is estimated to be 6/1/06.

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
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Fiscal Year	2003
Finding Number	03-SSC-06
CFDA No.	93.568
Program Name	LIHEAP
Condition	The Division of State Service Centers was unable to provide adequate support for the "Annual Report on Households Assisted by LIHEAP" report for the year ending September 30, 2002.
Recommendation	We recommend that the Division maintain appropriate supporting documentation for amounts submitted on the "Annual Report on Households Assisted by LIHEAP".
Agency Contact Name	Leslie Lee Ben Klein
Agency Contact Phone Number	Lee - 302 255-9681 Klein - 302 255-9888
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	Supporting documentation for all statistics included in the Annual Report on Households Assisted by LIHEAP is attached to a copy of the report for audit purposes.
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
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June 30, 2005

Fiscal Year	2004
Finding Number	04-SSC-01
CFDA No.	93.568
Program Name	Low Income Home Energy Assistance Program (LIHEAP)
Condition	<p>We noted that the Division did not clearly identify to its subrecipients that a portion of its funding for weatherization projects came from the LIHEAP program. As a result, the funding was not shown under the appropriate CFDA number in the subrecipient Single Audit schedules of expenditures of federal awards.</p> <p>We also noted that one subrecipient in our sample of 30 invoices was underpaid by \$1,111 due to a mathematical error on the invoice. This mathematical error was not detected by the Division prior to payment.</p>
Recommendation	<p>We recommend that the Division communicate to its subrecipients the portion of funding for weatherization projects that is funded from LIHEAP so that such amounts may be accurately reflected in subrecipient records and Single Audit reports.</p> <p>We further recommend that subrecipient invoices be reviewed for mathematical accuracy prior to payment.</p>
Agency Contact Name	Ken Davis Ben Klein
Agency Contact Phone Number	Davis - 302 255-9894 Klein - 302 255-9888
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input checked="" type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>Funding source identification corrective action for LIHEAP funding that supports Weatherization was implemented for the contracts that were effective 7/1/05.</p> <p>Mathematical review corrective actions were implemented in December 2004.</p>
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-SSC-02
CFDA No.	93.569
Program Name	Community Services Block Grant
Condition	<p>Although fiscal monitoring was performed, there is no documentation to support the occurrence of formal program monitoring visits to Delmarva.</p> <p>The Delmarva Single Audit schedule of expenditures of federal awards for the fiscal year ended March 31, 2003 shows receipts from 93.569 of \$53,214. Per the State's accounting system, \$81,938 was paid from April 2002 to March 2003. The subrecipient is unable to reconcile this discrepancy.</p> <p>The total amount paid to Delmarva during fiscal year 2004 was \$107,107.</p>
Recommendation	We recommend that program monitoring be performed and documented for Delmarva in accordance with program requirements. We further recommend that audit reports of subrecipients be reviewed to determine whether or not the subrecipient's Schedule of Expenditures of Federal Awards information is reasonable in relationship to State financial records.
Agency Contact Name	Maureen Tucker Ben Klein
Agency Contact Phone Number	Tucker - 302 255-9691 Klein - 302 255-9888
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	<p><u>Program Monitoring:</u> In January 2005, a standard was established to conduct on-site program monitoring a minimum of once per program year, and to document each visit with a follow-up report. It is anticipated that DRM will not be a direct contractor for CSBG funds in 2005. A close-out visit is expected to be conducted in September 2005.</p> <p><u>Sub-recipient Audit Reports:</u> Audit reports will be reviewed annually to determine whether or not the Schedule of Expenditures of Federal Awards (SEFA) is in line with State financial records. DRM's single audit report for the April 1, 2003 – March 31, 2004 was reviewed. SEFA information is reasonable in relationship to State financial records.</p>
Anticipated Completion Date (if not Fully corrected.)	N/A

STATE OF DELAWARE  
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June 30, 2005

Fiscal Year	2004
Finding Number	04-SSC-03
CFDA No.	93.569
Program Name	Community Services Block Grant
Condition	<p>Thirteen (13) of the 40 expenditure transactions randomly selected for testwork were for the Food Bank of Delaware. These expenditures, totaling \$8,023, were paid without documented evidence of receipt of food deliveries. In some instances, invoices paid were for deliveries occurring more than six months prior, making it more difficult to substantiate receipt of food.</p> <p>Additionally, six of these transactions (consolidated on two purchase vouchers) were not approved by the program manager consistent with Division and program policy.</p>
Recommendation	<p>We recommend that improved procedures be implemented related to receipt of food and approval and payment of Food Bank transactions, including:</p> <ul style="list-style-type: none"> <li>▪ Ensuring appropriate reviews are made prior to payment</li> <li>▪ Ensuring food deliveries billed for have been received</li> <li>▪ Ensuring that the Food Bank bills for food deliveries timely.</li> </ul>
Agency Contact Name	Maureen Tucker Ben Klein
Agency Contact Phone Number	Tucker - 302 255-9691 Klein - 302 255-9888
Finding Status	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan. <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
Description of Status	<p>By March 2005, written procedures were implemented that:</p> <ul style="list-style-type: none"> <li>▪ Ensured appropriate reviews were made prior to payment</li> <li>▪ Ensured food deliveries billed for were received</li> <li>▪ Ensured that the Food Bank bills for food deliveries in a timely manner.</li> </ul>
Anticipated Completion Date (if not Fully corrected.)	



STATE OF DELAWARE  
Summary Status of Prior Year Findings  
June 30, 2005

Fiscal Year	2004
Finding Number	04-SSC-04
CFDA No.	93.569
Program Name	Community Services Block Grant
Condition	We noted that for the above-referenced grant SF-269A for the period ended 9/30/03, the period covered by the report was listed as 10/1/01-9/30/03 rather than 10/1/02-9/30/03. (Award number G02B1DECOSR).
Recommendation	We recommend that the Division correct and resubmit the erroneous report.
Agency Contact Name	Cindi Ridenour Ben Klein
Agency Contact Phone Number	Ridenour - 302 255-9885 Klein - 302 255-9888
Finding Status	Fully Corrected. <input checked="" type="checkbox"/> Not Corrected or Partially Corrected. <input type="checkbox"/> Action taken different than original Corrective Action Plan. <input type="checkbox"/> No longer warranting further action. <input type="checkbox"/>
Description of Status	A corrected FSR was submitted to the Federal Department of Health and Human Services, Office of Administration, on 1/6/05.
Anticipated Completion Date (if not Fully corrected.)	N/A